



Track One

Joint Implementation

Project Design Document

Project of Wind Farm in Śniatowo 32MW_{EI}
Windpark Sniatowo Management GmbH EW Śniatowo sp.k.

Version I

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Windpark Sniatowo Management GmbH EW Śniatowo sp.k.

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1) Acts of law

i) International

- (1) Kyoto Protocol to the United Nations Framework Convention on Climate Change, adopted on 11 December 1997 and entered into force on 16 February 2005.

ii) European

- (1) DIRECTIVE 2003/87/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC.
- (2) DIRECTIVE 2004/101/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 October 2004 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms.
- (3) DIRECTIVE 2009/28/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC.
- (4) COMMISSION DECISION of 10 February 2005 laying down rules implementing Decision No 280/2004/EC of the European Parliament and of the Council concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol.
- (5) COMMISSION DECISION of 13 November 2006 on avoiding double counting of greenhouse gas emission reductions under the Community emissions trading scheme for project activities under the Kyoto Protocol pursuant to Directive 2003/87/EC of the European Parliament and of the Council.
- (6) COMMISSION DECISION of 18 July 2007 establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council.

iii) National

- (1) Environmental Law (act) of 27 April 2001 (Polish Journal of Laws no. 62 item 627).
- (2) Act on the system of managing emissions of greenhouse gases and other substances of 17 July 2009 (Polish Journal of Laws no. 130, item 1070).
- (3) Act on the greenhouse gas emission allowance trading scheme of 28 April 2011 (Polish Journal of Laws no. 122, item 695).
- (4) Regulation of the Ministry of the Environment on the types of projects that may significantly affect the environment and detailed conditions for qualifying projects to draw up a report on environmental impact of 9 November 2004 (Polish Journal of Law no.257, item 2573) – repealed as of 15 November 2011.
- (5) Regulation of the Ministry of Environment on the types of projects which may be implemented as Joint Implementation projects in Poland of 26 August 2010 (Polish Journal of Laws no.167, item 1132).
- (6) Regulation of the Ministry of Environment on the detailed scope of information contained in project documentation of 3 December 2010 (Polish Journal of Laws no.240, item 1608).
- (7) Regulation of the Minister of Environment dated 10 November 2010 on the report of the JI project monitoring and verification report on the number of emission reduction units resulting from the Joint Implementation project (Polish Journal of Laws no.225, item 1472).

2) Strategies and policies

- a) STATE ECOLOGICAL POLICY 2009-2012 with the prospect of the 2016 (document adopted on 22 May 2009).
- b) STATE CLIMATE CHANGE POLICY – Strategies aiming at greenhouse gases reduction in Poland up to 2020 (document adopted on 4 November 2003).
- c) STATE ENERGY POLICY 2025 (document adopted on 4 January 2005).
- d) DEVELOPMENT STRATEGY ON RENEWABLE ENERGY SECTOR (document adopted on 5 September 2000).
- e) POLAND SUSTAINABLE DEVELOPMENT STRATEGY 2025 (document adopted on 25 July 2000).
- f) NATIONAL DEVELOPMENT PLAN 2007-2013 (document adopted on 11 January 2005).

3) Reports and analysis

- a) The „Wind power development in Poland by 2020 – a vision” report – Polish Wind Energy Association, January 2010.
- b) The „Wind energy in Poland 2010” report - - TPA Horwath, Domański Zakrzewski Palinka, November 2011.
- c) The “Barriers for energy sector” report - Polish Confederation of Private Employers in Energy Sector, Polish Confederation of “Renewable Energy Forum”, May 2011.

4) Project reference documents

Environmental Impact Assessment				
No.	Title	Company	Authors	Date
1	Environmental Impact Assessment (wind farm)	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Henryk Molenda	April 2006
2	Environmental Impact Assessment (wind farm)	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Henryk Molenda	February 2007
3	Noise study	Vestas Northern Europe A/S	Jette Sandager Nielsen	July 2009
4	Opinion on the impact the planned wind park in Śniatowo on living conditions of birds during the breeding and non-breeding period in relation to the requirements of the Natura 2000 sites protection	Aglia Tau	mgr inż. Anna Zyska mgr inż. Przemysław Zyska	February 2007
5	Staged report on the implementation of the annual pre-investment monitoring regarding the impact of proposed wind farm in the region of Śniatowo on the breeding of vertebrate animals and birds encampments	PRZYRODA Wiesław Zyska	mgr inż. Wiesław Zyska	November 2007
6	Pre-investment annual monitoring for the assessment of potential effects of wind farm I Śniatowo on animals moving in space	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Henryk Molenda mgr inż. Przemysław Zyska	June 2008

Environmental Impact Assessment				
No.	Title	Company	Authors	Date
7	After-investment monitoring results of the existing wind farm Śniatowo together with a preliminary evaluation of the investment's effects on birds and bats - a staged report (2008-2011)	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Przemysław Zyska mgr inż. Cezary Płachecki dr inż. Wojciech Zyska	May 2011

Environmental permits			
No.	Title	Authority	Date of issuance
1	Resolution amending the the local development plan no. III/26/2002	City Council in Kamień Pomorski	12.12.2002
2	Decision on development conditions no. PIGK/7331/WZ/31-32/2005 (SN cable)	Mayor of Kamień Pomorski	17.02.2005
3	Decision on location of a public investment no. 61/2005 (SN line) for closed areas	Voivode of Zachodniopomorskie	06.09.2005
4	Amendment no. PIGK/7331/WZ/B/32-T31-04/2007 to the decision on development conditions	Mayor of Kamień Pomorski	20.03.2007
5	Decision no. PIGK/7331/PD/29/2008 transferring the decision on development conditions	Mayor of Kamień Pomorski	12.08.2008
6	Decision on development conditions no. DWZ/4/2010 (SN cable)	Mayor of Kamień Pomorski	05.01.2010
7	Amendment no. PIGK/7331/WZ/B2/1247-T263-09/2010 to the decision on development conditions (SN cable)	Mayor of Kamień Pomorski	17.03.2010
8	Decision on the exclusion of land from agricultural production no. BOŚ.PK.6018-W-10/2004	Governor of Kamień Pomorski	04.01.2007
9	Decision on the exclusion of land from agricultural production no. BOŚ.KK.6018-W-122/08	Governor of Kamień Pomorski	17.10.2008
10	Decision on the exclusion of land from agricultural production no. BOŚ.KK.6018-W-19/09	Governor of Kamień Pomorski	04.03.2010
11	Environmental decision no. OS 7625-15-7/06 (wind farm)	Mayor of Kamień Pomorski	04.04.2007

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12	Decision no. OS 7625-15-12/06 transferring the environmental decision to the SPV (wind farm)	Mayor of Kamień Pomorski	25.07.2008
15	Environmental decision no. 2/2010 (110 kV line)	Mayor of Kamień Pomorski	16.03.2010
16	Decision no. WOOŚ-TS.4210.20.2011.transferring the environmental decision to the ENEA company (110 kV line)	District Director for Environmental Protection in Szczecin	16.03.2011
<p>There was no requirement to obtain environmental decisions for: 1. Access roads</p>			

Construction permits			
No.	Title	Authority	Date of issuance
1	Construction permit no. 184/2007 (wind farm)	Governor of Kamień Pomorski	23.04.2007
2	Decision no. 184/2007-1/08 transferring the construction permit to the SPV (wind farm)	Governor of Kamień Pomorski	10.09.2008
3	Construction permit no. 531/2008 (SN cable)	Governor of Kamień Pomorski	07.10.2008
4	Decision no. 531/2008-1/08 transferring the construction permit to the SPV (SN cable)	Governor of Kamień Pomorski	31.10.2008
5	Amendment no. 310/B/10 to the construction permit (SN cable) due to partial change of route	Governor of Kamień Pomorski	31.05.2010
6	Construction permit no. 57/2007 (SN cable) for closed areas	Zachodniopomorski Voivodeship Office	30.03.2007
7	Amendment no. 64/2008 to the construction permit (SN cable) due to the extension for the teletechnic lines	Voivode of Zachodniopomorskie	19.03.2008
8	Decision no. I.I.HG-7111/38-4/07 transferring the construction permit for the closed areas to the SPV (SN cable)	Voivode of Zachodniopomorskie	18.08.2008
9	Permit no. ZZDW-3/BD/422b/50/ for placing a cable in the roadway (ZZDW Koszalin)	Zachodniopomorski Office for Voivodeship Roadways	08.03.2007

Construction permits			
No.	Title	Authority	Date of issuance
10	Permit no. ZZDW-3/BD/422b/87/06 for placing a cable in the roadway (ZZDW Koszalin)	Zachodniopomorski Office for Voivodeship Roadways	10.04.2007
11	Permit no. ZZDW-3/BD/422b/84/08 for placing a teletechnic lines in the roadway (ZZDW Koszalin)	Zachodniopomorski Office for Voivodeship Roadways	12.03.2008
12	Permit no. 104/2008 for placing a cable in the roadway (ZZDW Koszalin, Gryfice Region)	Zachodniopomorski Office for Voivodeship Roadways	08.07.2008
13	Construction permit no. 571/2008 (main power station)	Governor of Kamień Pomorski	20.10.2008
14	Decision no. 571/08/10 transferring the construction permit (main power station) to the SPV	Governor of Kamień Pomorski	10.05.2010
15	Construction permit no. 196/2010 (110kV line)	Governor of Kamień Pomorski	21.04.2010
16	Construction permit no. 43/Z/2010 (110kV line)	Voivode of Zachodniopomorskie	09.09.2010

Operational permits			
No.	Title	Authority	Date of issuance
1	Operational permit no. 14/09 (wind park)	District Inspector of Building Control in Kamień Pomorski	28.04.2009
2	Operational permit no. 26/2010 (main power station)	District Inspector of Building Control in Kamień Pomorski	17.08.2010

ABBREVIATIONS

Units of measurement:

CO ₂	Carbon dioxide
GWh	Gigawatt hour
km	Kilometre
kV	Kilovolt
kW	Kilowatt
m	Meter
Mtoe	Metric ton
MW	Megawatt
MWh	Megawatt hour
t	Ton

Names:

EU ETS	European Union Emission Trading System
WF Śniatowo	Wind farm Śniatowo
GPZ	Main Power Supply station
JISC	Joint Implementation Supervisory Committee
KfW	German Bank for Development
KOBIZE	National Centre for Emission Balancing and Management / Krajowy Ośrodek Bilansowania i Zarządzania Emisjami
NFOŚiGW	National Fund for Environmental Protection and Water Management / Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej
MŚ	Ministry of Environment / Ministerstwo Środowiska
PSE	Polish Power Grid Company / Polskie Sieci Elektroenergetyczne S.A.
PSEW	Polish Wind Energy Association / Polskie Stowarzyszenie Energetyki Wiatrowej
EU	European Union
URE	Energy Regulatory Office / Urząd Regulacji Energetyki
UNFCCC	United Nations Framework Convention on Climate Change

Definitions:

AAU	Assigned Amount Units
AIE	Accredited Independent Entity
BAT	Best Available Technology
ERU	Emission Reduction Unit
GHG	Greenhouse Gases
JI	Joint Implementation
NAP	National (Emission) Allocation Plan
RES	Renewable Energy Sources
PDD	Project Design Document

1. GENERAL AND TECHNICAL DESCRIPTION OF THE PROJECT

A. Name/Title of the project

Title of the project: "Joint Implementation Track One Project of 32MW Śniatowo"

Sectoral scope(s): (1) Energy industries (renewable/non-renewable sources)

B. Location of the project – voivodeship, commune, city/town, address, property parcel number

Śniatowo Wind Farm is located in the north-western Poland, in Zachodniopomorskie Voivodeship, in the Kamieński District, in the urban-rural municipality of Kamień Pomorski, not far from the spa town Kamień Pomorski, and south of the village Śniatowo. The project is located within the former military airport, about 60km north of Szczecin and about 20km from the Baltic coast. The owner of the land is the municipality Śniatowo, lots covered by the project are: 86/13, 86/14, 86/20.



Figure 1 Project's localization

All turbines in the project are located in a flat terrain (only in the south-east there is a slight increase in the area), with approximately the same altitude (7-23 m). This area was developed earlier for technical purposes and transport. Due to the existence of hardened runway with a length of 200m and technical roads, access to the turbines is much easier. On the north of FW Śniatowo lies Śniatowskie Lake , south of the plant runs river Wołczenica. Pine forests surround the wind farm from the southwest and north. In the west there is a roadway leading from Kamień Pomorski to Golczewo.

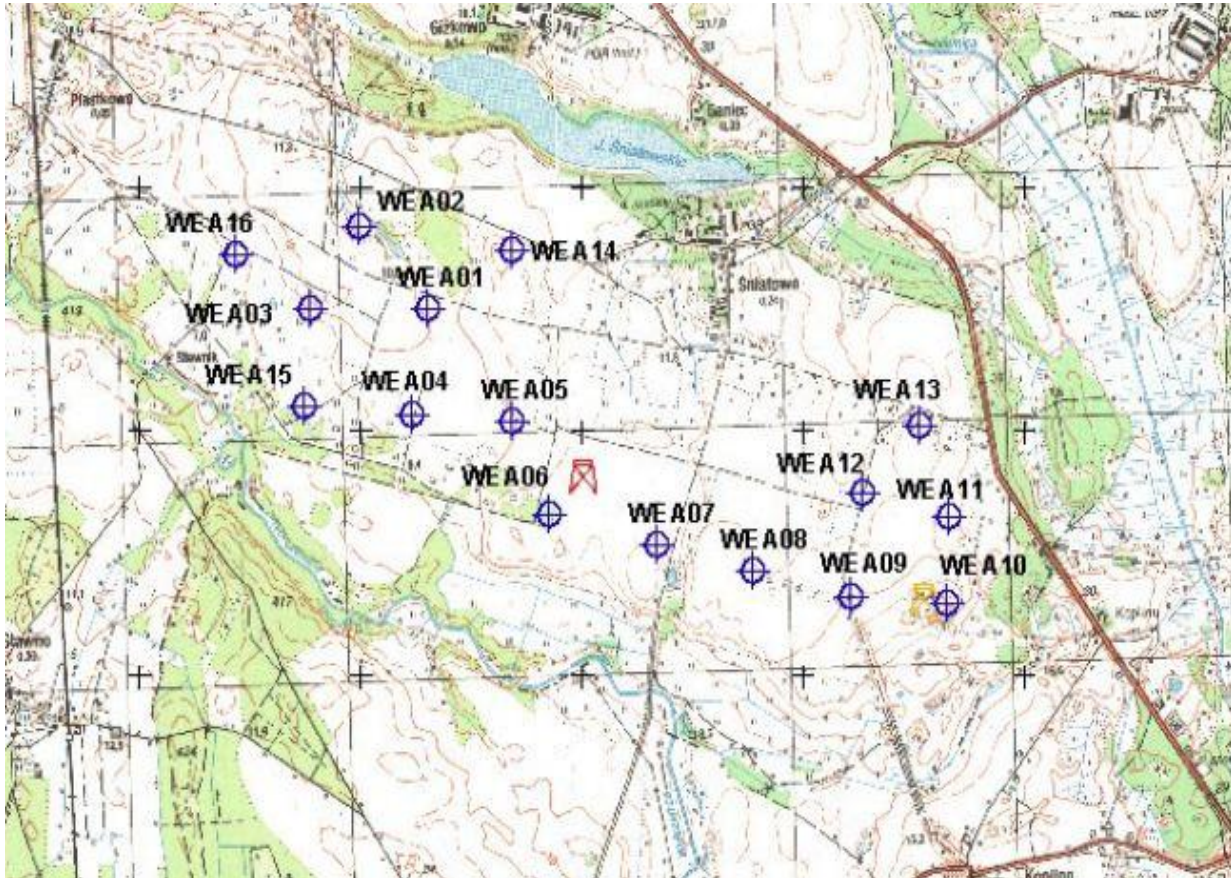


Figure 2 Map of the WF Śniatowo plants location

16 Vestas V90 2MW turbines are spread over an area of approximately 300h, the distance between the masts exceeds 400m, while the distance from the nearest buildings is more than 750m. Wind turbines are connected to the substation Kamień Pomorski (main power station) with SN cable of a total length of 11 km. FW Śniatowo is connected via its own 110/30kV transformer station to the 110 kV system rails of 110/15kV substation Kamień Pomorski.

Wind Farm in Śniatowie includes 16 wind turbines type Vestas V90 2 MW, with a rotor section of 90m and mast height of 95m. The project also includes the underground SN medium voltage cable routes, access roads to the turbines and the main supply point, the installation sites and main power station. At the top of each mast there is a

gondola with generating, control, at their peak there is a gondola with electricity generating devices, control devices and the hub with wind turbine blades, that rotate, describing a circle with a diameter of 90m.

Below there is a list of lots covered by the project:

Wind Turbine No.	District	Lot No.
EW14	Śniatowo	86/13
EW 02	Śniatowo	86/14
EW 01, EW 03-13, EW 05-16	Śniatowo	86/20

Table 1 Lots numeration - FW Śniatowo

C. Aim, type and realization period of the project

The aim of the project is to build a wind farm Śniatowo, in close proximity to the Śniatowo and spa town Kamień Pomorski, located in Kamieński District, in Zachodniopomorskie Voivodeship. The total installed nominal capacity of the wind farm is 32MW. It consists of 16 Vestas V90 turbines - 2MW_{el} each. Apart from turbines the infrastructure has been built and it consists of: technical access roads, main power station 30/110kV, cable lines connecting turbines with one another, turbines with metering station and metering station with a point of connection and fibre optic lines connecting turbines with each other and a with a common supervision system

The purpose of the project is to produce electricity from wind turbines, i.e. to transform wind energy to electricity using technical devices and to transmit this energy to consumers using existing 110 kV distribution grid power system, on the basis of a power purchase agreement no. CRU/P/5737/2009/DO/OR/RK (energy produced in wind park Śniatowo), concluded with ENEA S.A. on 30th July 2009 in Poznań.

The result of the project is the wind-generated electricity, that replaces the grid electricity (which is mainly generated by conventional power plants based on coal). It contributes to greenhouse gases (GHG) reductions within the Polish power system – in this case there is a direct double counting of CO₂ emission in EU-ETS installations.

The project belongs to the category of activities accepted for the implementation within the JI mechanism in Poland and is one of the types of activities (section 2.1 d use of renewable energy source) listed in the decree of the Minister of the Environment of 26th August 2010 on types of activities **that may be implemented as Joint Implementation projects in Poland** (Polish Journal of Laws no. 167, item 1132).

The project relates to a fully implemented and finalized investments.

This project, as displacing electricity in the Polish national grid, lead to reducing or avoiding of the greenhouse gas emissions from installations covered by the EU ETS (Art. 38, section 1a of the Act on the system of managing

emissions of greenhouse gases and other substances). According to the act, such activities may acquire the status of JI, even if at the time of application for a LoA had already been implemented and operated.

The project is not a method of complying with obligations deriving from the EU or national legal regulations.



Figure 3 Panorama of FW Śniatowo

Wind conditions on site are very advantageous to the project, in particular because of large open areas and close distance to the sea coast, the estimated average annual wind velocity is 6.7 m/ s. The annual estimated output quantity of energy is ultimately about 82GWh, and the planned lifespan of an investment is 20 years (with the option of extension to 25 y.). Calculations used for wind park has are in line line with International Standard IEC 61400-1 third edition. Efficiency ratio of the wind farm is estimated at around 93%.

The preparation process, beginning with securing of formal ownership rights to the project (2003), - i.e. changing of the use of land, signing the lease agreement with the municipality of Kamień Pomorski, through preparation of the first report on the environmental impact assessment of the project (April 2007). The next step was the obtaining of the grid connection conditions (August 2007), the preparation process ended up with the construction on-site works (start - March 2008), all of these was prior to obtaining a building permit and began more than five years before starting the construction of wind farm. Beginning of construction works took place in February 2008. Completion of works took place in March 2009 and in November 2010 the developing company received final

operational permit (regarding main power station). In March of 2009 operational start-up took place and turbines tests were proceeded, which ended in the limited production of electricity, carried on from March 2009 to November 2010. During that period wind farm operated with a capacity limited to 5 MW. In November, FW Śniatowo was granted with a limited license to produce electricity, which was extended to the full installed capacity with the decision of 05.02.2011r. In the period from 16.01.2011r. to 05.02.2011r. wind farm did not work because of the intersection of the cable by the entity performing the ground works around the wind farm.

The implementation of the Project is in accordance with the assumptions of the sustainable development policy and Poland's ecology, climate and energy policies. Besides, the realization of the Project is in line with the Polish environmental and power sector development policies and will help Poland to meet the indicative target of 15% of gross energy consumption coming from renewables by 2020, and what follows – it enables fulfilment of the commitments made by the EU countries within the so called 3x20% climate and energy package (towards the 7% RES share in the national energy balance by the 2009).

Among the most commonly known types of renewable energy sources (hydropower plants, biogas plants, wind farms, solar), according to many industry experts, only wind farms can significantly contribute to the realization of the assumptions of EU pro environmental policy. Experiences of other countries (e.g. Germany) clearly show that the leading position among different types of RES technology, in countries that have similar geographic conditions, is being taken by wind energy and wind farms. **Also in Poland wind energy is currently the most dynamically growing branch of renewable energy.**

D. Name and address of the developer and owner of the project

Name of the entities authorized by eligible countries to implement the project

POLAND:

Windpark Sniatowo Management GmbH

EW Śniatowo sp.k.

26 Malczewskiego Str.

71-612 Szczecin

Court register No. (KRS): 0000324718

Tax reg No. (NIP): 8513036266

National Official Register of Business Entities No. (REGON): 320432447

Representation: proxy - Adam Pantkowski

Project developer:



Vortex Polska Management sp. z o.o.

Vortex Polska sp. k.

26 Malczewskiego Street

71-612 Szczecin

Court register No. (KRS): 0000335246

Tax reg No. (NIP): 559-195-86-99

National Official Register of Business Entities No. (REGON): 340211771

Representation: Adam Pantkowski and dr Till Jeske

Project owner:

Windpark Sniatowo Management GmbH

EW Śniatowo sp.k.

26 Malczewskiego Str.

71-612 Szczecin

Court register No. (KRS): 0000324718

Tax reg No. (NIP): 8513036266

National Official Register of Business Entities No. (REGON): 320432447

Representation: proxy - Adam Pantkowski

- E. Project developer's and project owner's experience in projects realization, including projects that are being developed and not operating yet and description of authors and co-authors of technologies and solutions applied in the project.**

Structure of the Polish company

Wind farm Śniatowo was developed by a **Special Purpose Entity - Windpark Sniatowo Management GmbH EW Śniatowo sp.k.** The ownership structure of the special purpose company is based in 100% on the resources of the Vortex capital group and corresponds to the following scheme:

Windpark Śniatowo Management GmbH EW Śniatowo sp.k.

Windpark Śniatowo Management GmbH EW Śniatowo Sp.k.

- a. Windpark Śniatowo Management GmbH
 - i. Windpark Śniatowo GmbH & CO KG
- b. Windpark Śniatowo GmbH & CO KG
 - i. Windpark Śniatowo Management GmbH
 - ii. Vortex Polska Management Sp. z o.o. Vortex Polska Sp. k.

Experience

Vortex Energy Company GmbH & Co. KG. KG was founded in 2004. by two partners: Till Jeske and Claudio Papa as a civil company Vortex GB. At the beginning of 2008. it was transformed into the existing company Vortex Energy GmbH & Co. KG. KG. Among the founders, next to the existing shareholders, there were also Holger Jeske and Heinrich Fritsche, who brought their extensive experience in projects related to wind energy.

After first successful operations in the field of project planning and obtaining the appropriate administrative permits for the construction of wind farms in the village Zodel and Siersleben in Germany, a limited liability company was founded - Vortex Anlagenbau GmbH, which specialized and quickly proved to be efficient in the wind energy projects.

Once the decision to expand the business into international markets was made, the **Vortex Poland company (converted in 2009 into a a limited partnership)** was founded in 2006, through the adoption of new partners: August Abing and Adam Pantkowski. **In a short time the company has prepared an excellent portfolio ready to execute projects with a total capacity of 146 MW, and the implementation of the projects was carried out by Vortex Anlagenbau GmbH..**

In 2009, **the Clean Energy was formed as a limited liability company, its tasks include services of technical and commercial management of wind turbines for operating companies.** For the next projected wind farms there are being set up special purpose companies, which ownership structure and capital are identical and their purpose is the operation of completed projects. The capital group Vortex independently and in a complex way prepares comprehensive plans and projects in the field of wind energy, including the security of legal and ownership issues. In addition it conducts and supervises the construction works of the installations. Apart from this, operating companies are engaged in the economic management of the projects and provide their services outside the capital group, in the form of outsourcing.

Completed projects:

In Germany:

- Zodel II - 6,9 MW
- Sierleben -10 MW
- Eisenach I - 4 MW
- Wundersleben - 6 MW
- Burbach - 6 MW
- Eisenach II -12 MW

In Poland:

- Wind Park Śniatow - 32 MW
- Wind Park Gołdap/ Wronki - 48 MW
- Wind Park Dobrzyn - 34 MW
- Wind Park Mogilno - 34 MW
- Wind Park Inowrocław - 32 MW

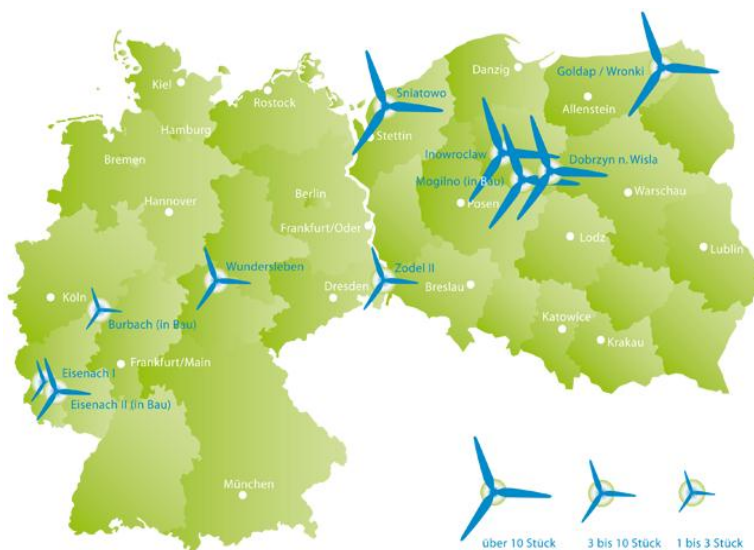


Figure 4 Map of wind farms owned and developed by the project developer

Authors of the technologies applied in the project:

Technology applied in the project – converting wind energy into electricity by the use of wind turbines – is very common and it is also one of the best available techniques (BAT) and is being applied successfully in many countries worldwide. Wind farms are zero-emission, their development and operation contributes to GHG emission reduction.

The scope of investment covers the following technological components:

- **Total installed capacity is 32MW_{el}**; the project consists of 16 2MW_{el} wind turbines Vestas V90; each turbine has a rotor with a diameter of 90m, sweeping surface of 6,362m² and the rotation range of 9,0-14,9 rot/min.

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- The cut-off wind speed equals $v = 25 \text{ m / s}$. Towers are made of prefabricated tubular steel technology, with a height of 105m and 95m.
- Each generator is equipped with the lightning protection. Generator's gondola automatically follows the wind direction.
- Electricity generated in the wind turbines is transferred through 30kV line to the 30/110kV substation, where 30/110kV transformer is located.
- Main power station, access roads, installation places, construction of concrete feet and foundation elements of wind power plants, cable lines, connection to the grid.

V90 turbines are devices of the highest quality and are characterized by low noisiness, high performance and reliability, which is based on many years of research and experience of the manufacturer. These turbines are optimal for inland placement and can adapt even to modest wind conditions. Vestas turbines have passed very detailed performance tests before entering into operation, assuring that high requirements regarding energy production, availability ratio, power quality and sound levels are met.

Type V90 is a newer and improved version of the V80, worldwide, in total, there were built more than 2,400 turbines of 1,8 / 2,0 MW series by the end of 2005. Due to this fact, this series has become one of the best selling types of wind turbines in the world and has been efficient in almost all wind conditions and in different environments. Since bringing the first wind turbine Vestas V80 in Damme, Germany, the company Vestas has continually improved the this type of wind turbine.

F. Project development phase – at the date of application

The project, that is being a subject of the application for issuance of the Letter of Approval, was finished and at the date of application is under full operation.

After securing the rights to the project and completion of administrative procedures and project work, construction works started in February 2008. Completion of construction works took place in March 2009 and in November 2010 the company received final operational permit (main power station). In March 2009 operational start-up took place and the turbines undergone tests and then during the period from March 2009 to November 2010 wind farm has operated with a capacity limited to 5 MW. In November, FW Śniatowo was granted a limited license to produce electricity, which was extended by the decision of 05.02.2011 to the full installed capacity. In the period from 16.01.2011 to 05.02.2011 the wind farm did not work because of the intersection of the cable by the entity performing the ground works around the wind farm.

Licenses for electricity production have been issued by URE on: 09.07.2009 (6 turbines), 21.08.2009 (5 turbines), 14.10.2009 (4 gyms), 17.11.2009 (1 gym) for up to 31.12.2025. For a total installed capacity of 32MW. **The project was operated on a limited basis since March 2009 and was finally launched in February 2011. Since then it has worked continuously, producing energy from renewable sources and distributing it to the national grid.**

Wind turbine failures occur very rarely, due to the constant monitoring carried out remotely. Meter readings of electricity for wind farm Śniatowo are made by the Department of Energy Department of ENEA Szczecin. At the beginning of each calendar month data regarding previous month is made available to the owner of a wind farm Śniatowo. The data are confronted with the production recorded by the individual wind turbines meters.

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Windpark Sniatowo Management GmbH EW Śniatowo sp.k. has signed a full maintenance and servicing contract with Vestas Poland sp. z o.o. (70-812 Szczecin, 61/65 Pomorska Str.).

Stages of preparation and implementation of the project:

The table below shows the process of obtaining key administrative decisions issued during the preparation and realization of investment.

Type of document	Issuance no.	Date of issuance
Issuance of the grid connection conditions	-----	20.08.2007
Resolution of the City Council in Kamien Pomorski on the amendment of the local development plan	III/26/2002	12.12.2002
Decision on the development conditions (SN cable)	PIGK/7331/WZ/31-32/2005	17.02.2005
Decision on the location of public investment (SN cable) – closed areas	61/2005	06.09.2005
Amendment to the decision on development conditions	PIGK/7331/WZ/B/32-T31-04/2007	20.03.2007
Transfer of the decision on the development conditions to the SPV	PIGK/7331/PD/29/2008	12.08.2008
Decision on the development conditions (SN cable)	DWZ/4/2010	05.01.2010
Amendment to the decision on the development conditions (SN cable)	PIGK/7331/WZ/B2/1247-T263-09/2010	17.03.2010
Construction permit (wind park)	184/2007	23.04.2007
Transfer of the construction permit to the SPV (wind park)	184/2007-1/08	10.09.2008
Operational permit (wind park)	14/09	28.04.2009
Construction permit (SN cable)	531/2008	07.10.2008
Transfer of the construction permit to the SPV (SN cable)	531/2008-1/08	31.10.2008
Amendment to the construction permit due to the partial routeway change (SN cable)	310/B/10	31.05.2010
Construction permit (SN cable) – closed areas	57/2007	30.03.2007
Amendment to the construction permit due to construction of teletechnic lines (SN cable)	64/2008	19.03.2008
Transfer of the construction permit to the SPV (SN cable) – closed areas	I.I.HG-7111/38-4/07	18.08.2008
Permit for placing a cable in the roadway (ZZDW Koszalin)	ZZDW-3/BD/422b/50/07	08.03.2007
Permit for placing a cable in the roadway (ZZDW Koszalin)	ZZDW-3/BD/422b/87/06	10.04.2007

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Permit for placing the tele-technical lines in the roadway (ZZDW Koszalin)	ZZDW-3/BD/422b/84/08	12.03.2008
Permit for placing a cable in the roadway (ZZDW Koszalin, District Gryfice)	104/2008	08.07.2008
Construction permit (main power station)	571/2008	20.10.2008
Transfer of the construction permit to the SPV (main power station)	571/08/10	10.05.2010
Operational permit (main power station)	26/2010	17.08.2010
Decision on the exclusion of land from agricultural production	BOŚ.PK.6018-W-10/2004	04.01.2007
Decision on the exclusion of land from agricultural production	BOŚ.KK.6018-W-122/08	17.10.2008
Decision on the exclusion of land from agricultural production	BOŚ.KK.6018-W-19/09	04.03.2010
Environmental decision (wind park)	OS 7625-15-7/06	04.04.2007
Transfer of the environmental decision to the SPV (wind park)	OS 7625-15-12/06	25.07.2008
Provision on the need to prepare a Environmental Impact Assessment (line 110 kV) - Mayor of Kamien Pomorski	OS 7625-4-5/09	29.05.2009
Provision on the need to prepare a Environmental Impact Assessment (line 110 kV) - RDOŚ	RDOŚ-32-WOOS.TŚ-6613/1-4/09/mk	05.10.2009
Construction permit (110 kV line) – District Governor of Kamien Pomorski	196/2010	21.04.2010
Construction permit (110 kV line) – Voivode of Zachodniopomorskie	43/Z/2010	09.09.2010
Environmental decision (110 kV line)	2/2010	16.03.2010
Transfer of the environmental decision (110 kV line) to the ENEA company	WOOŚ-TS.4210.20.2011.MS.	16.03.2011
License for electricity generation (28,8MW)	-----	29.01.2010
License for electricity generation – expansion	-----	03.02.2011

Table 2 Process of obtaining key administrative decisions during the project implementation

G. Technical description of the project, including technology or solutions used in the project, indicating the innovation of technology, the best available techniques, the use of results of the research and development works applied in the project

Technology and solutions applied in the project

Śniatowo Wind Farm uses 17 Vestas wind turbines, which at the time of installation were in the lead of technological solutions in the field of wind energy. Vestas turbines, thanks to their innovative design, allows it to change the nominal rotor speed ratio. Furthermore, Vestas turbine rotor blades have a "Pitch-control", which allows optimal adjustment of blades to the current wind speed. These solutions allow a significant increase in the degree of efficiency of power plants and possibly the optimal use of wind energy for electricity production.

These turbines feature the following solutions:

Main parameters of the installation

- Number of turbines: 17
- Individual installed capacity of the turbines: 2 MW
- Height of the turbine tower: 95 m
- Diameter of the rotor blades: 90 m
- Rotation range: 9-14,9 rot/min
- Max. cut off threshold (threshold wind speed): 25 m/s

The mechanical energy of the rotor is transmitted through the gearbox input shaft to the induction generator. The „Vestas Convert System" (VCS, also known as OptiSpeed ®) developed by Vestas enables you to work with variable gear ratio in the range of approximately + / - 60% of the nominal ratio. This means that with OptiSpeed ® rotor speed can be up to 30% faster or slower than the synchronous speed. The level of effective operational power and the technical availability are thus significantly improved.

A wind power plant is also equipped with a disc brake, which, however, should be used in case of emergency stoppage or in the case of a grid failure. Braking systems function as a "fail-safe". In this case, turbine switches immediately to a safe mode, if only one component in the braking system is faulty or not working.

A number of features in the wind turbine is controlled in real time by a remote computer system of data transmission. Through the use of telecommunications systems a fine speed data transfer is being achieved, while optimizing the protection against electromagnetic interfering fields. Also in the event of failure of the computer the turbine can be put in a safe mode by the means of stored-up energy.

Metering system

Metering system of the amount of energy produced is installed in the substation dedicated to the wind farm Śniatowo. According to the terms of the technical connection two measuring systems have been installed - primary and backup system for a voltage of 110kV. Both the primary system and the reserve shall consist of:

- electric meter type ZMQ202C.8P2r4af6.B4 serial number 95,850,907 class 0.2, production Landis-Gyr and
- electricity meter, serial number 87,575,774, type ZMQ202C.8r4af6.B4 class 0.2, production Landis-Gyr.

According to Decree of Minister of Economy of Poland of 7 January 2008 on metrological control of measurement equipment (Law Gazette from 14 January 2008 r.) electricity meters of more than 30kW rated power have initial legalization term of 8 years and 8 years of validity for subsequent legalizations. The proof for their legalization is a seal on the equipment (category "c" of the legalization proof acc. to the decree).

The figure below shows a general scheme of the turbine Vestas V90 2 MW - used in this project:

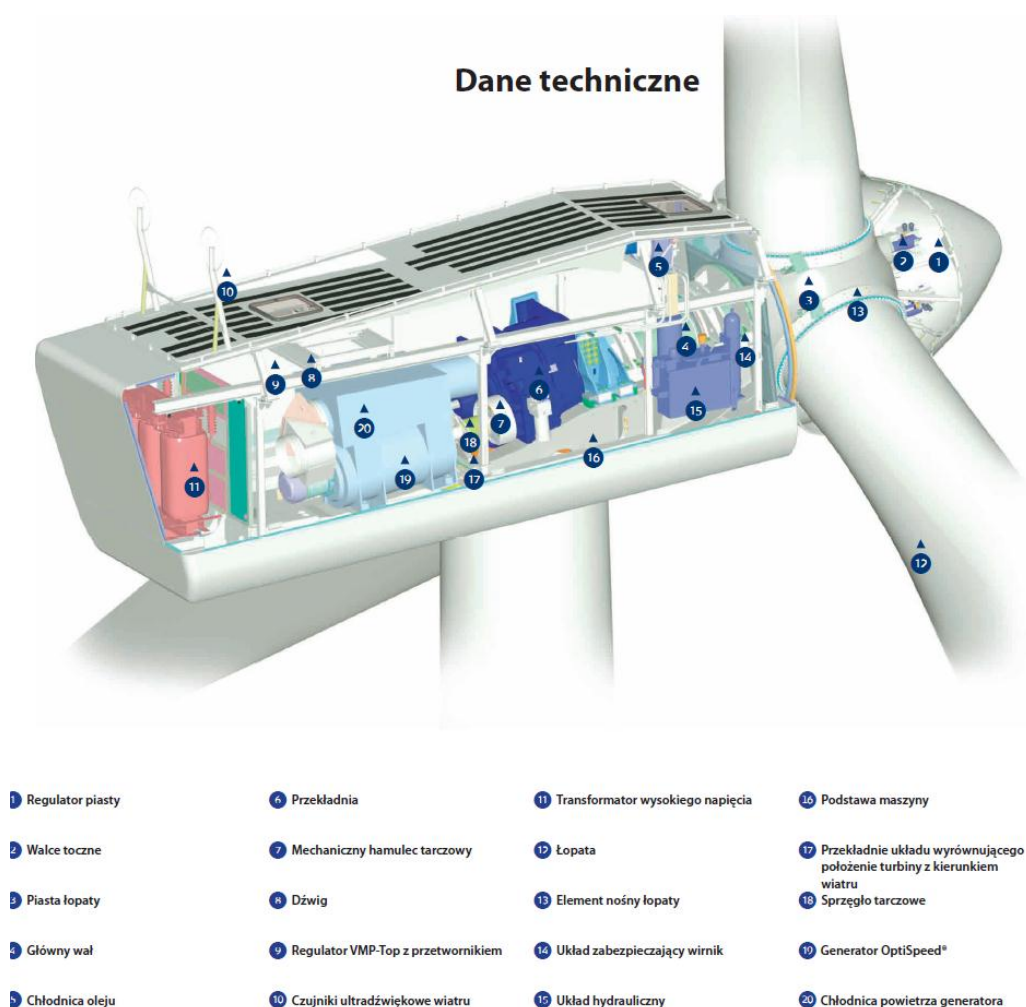


Figure 5 General scheme of the Vestas V90 2MW Turbine

H. Description of the method of achievement of the greenhouse gas emissions avoidance below a set baseline

The result of the implementation of this project is the electricity generated from renewable sources, what results in a reduction of GHG emissions (CO₂eq) through the replacement of electricity produced from non-renewable sources, that build the energy sector in Poland. The scenario of the project involves the construction of wind farm using the Vestas V90 2MW turbines.

Assuming that the emission baseline is higher than the emissions from the project (that equal zero), the project has features of additionality and contributes to the reduction of anthropogenic GHG emissions below levels that would have occurred in case the implementation of the project had been abandoned.

Detailed information and data reduction were included in the calculations, below, in the project documentation.

I. Description of the project's impact on the environment

Wind is a renewable energy source. Its use to produce electricity does not cause pollution, does not contribute to GHG emissions, it does not involve the exploitation of natural resources.

The construction and operation of wind turbines does not significantly affect the environment and public health. Closest environment covers agricultural lands adjacent to areas where there are forests and migration routes of birds, including the ecological corridors. The area in which the investment is located is not protected under Natura 2000, but is adjacent to protected areas.

In case of WF Śniatowo the required distance from the existing buildings located on adjacent parcels has been maintained, as well as the minimum distance of buildings line from roads, power lines, telecommunication lines, oil and gas pipelines. Other requirements of spatial order, based on the outlines of the local development plan and other special provisions have also been fulfilled.

The area of the project is not subject to environmental conservation requirements. The entire investment is not being a cause for the production of hazardous waste.

The investment meets the requirements for protection against noise, vibrations, protection of fauna and flora, doesn't cause the exceeding of the limit values for the emitted electromagnetic field, power plants operation, thanks to the technical means employed in the project, doesn't introduce interference to users of radio, television and other receivers and electronic devices, as well as it complies with the safety regulations of transport and communications, that result from the provisions of the Environmental Protection and Management Act.

Power plants have been built and are operated using the best technologies available on the market. It ensures the safety and meeting all the obligations and legal standards related to the operation of power plants. Wind farms,

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being air traffic obstacles, are fully equipped with obstacle signs (i.e. appropriate marking of rotor blades and obstacle lighting), which are located on the highest point of the gondola.

According to the classification in the Polish regulations applicable at the date of obtaining the environmental administrative decisions (repealed Regulation on the types of projects that may significantly affect the environment and on the detailed conditions for qualifying projects for the preparation of a report on the environmental impact), the planned investment was classified as having possibly significant effects on the environment.

At the stage of the environmental procedure it was necessary to prepare a report on the impact of the planned project - the construction of 16 wind turbines in Śniatowo and 110kV line- on the environment. Therefore, the project was put under the environmental assessment procedure, which resulted in the following reports and the following administrative decisions:

Environmental Impact Assessment				
No.	Title	Company/Authority	Authors/Authority	Date
1	Environmental Impact Assessment (wind farm)	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Henryk Molenda	April 2006
2	Environmental Impact Assessment (wind farm)	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Henryk Molenda	February 2007
3	Noise study	Vestas Northern Europe A/S	Jette Sandager Nielsen	July 2009
4	Opinion on the impact the planned wind park in Śniatowo on living conditions of birds during the breeding and non-breeding period in relation to the requirements of the Natura 2000 sites protection	Agliia Tau	mgr inż. Anna Zyska mgr inż. Przemysław Zyska	February 2007
5	Staged report on the implementation of the annual pre-investment monitoring regarding the impact of proposed wind farm in the region of Śniatowo on the breeding of vertebrate animals and birds encampments	PRZYRODA Wiesław Zyska	mgr inż. Wiesław Zyska	November 2007
6	Pre-investment annual monitoring for the assessment of potential effects of wind farm Śniatowo on animals moving in space	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Henryk Molenda mgr inż. Przemysław Zyska	June 2008
7	After-investment monitoring results of the existing wind farm Śniatowo together with a preliminary evaluation of the investment's effects on birds and bats - a staged report (2008-2011)	Pracownia Ochrony Środowiska Henryk Molenda	mgr inż. Przemysław Zyska mgr inż. Cezary Płachecki dr inż. Wojciech Zyska	May 2011

Environmental Impact Assessment				
No.	Title	Company/Authority	Authors/Authority	Date
8	Environmental decision (wind park)	Mayor of Kamień Pomorski		04.04.2007
9	Transfer of the environmental decision to the SPV (wind park)	Mayor of Kamień Pomorski		25.07.2008
10	Decision on development conditions (SN cable)	Mayor of Kamień Pomorski		16.03.2010
11	Transfer of the environmental decision (110 kV line) to the ENEA company	District Director for Environmental Protection	in	16.03.2011
		Szczecin		

Reports on the environmental impact of the turbines showed significant recommendation, as seen from the standpoint of environmental and health, suggested for inclusion in the environmental assessment of the investment regarding noise levels and impact on avifauna monitoring (preferably in the period of 5 years after the completion of investment), especially regarding birds and by construction of specific procedures that enable prevention of the threats to the existence and breeding of birds and also remedial procedures, to be applied in case of harm for avifauna ecology.

Decisions on environmental conditions of the project pointed to the fact that turbine are located in the middle of the ecological corridors, so it underlined a particular need for appropriate, specific monitoring and prevention of threats for the existence and migration of particular fauna species, what confirmed the suggestions included in the environmental impact assessment report.

The investor has been obliged under environmental decision to provide the Regional Nature Conservator, to present by the end of the calendar year (for 5 next years), the results of wildlife monitoring on the impact of investment on avifauna and bats (daily observations - visual, night vision, sound, ultrasound, recording cases of injuries and deaths due to collisions), together with the implementation of the recovery plan, including funding of the costs of treatment and recovery of injured birds and identification of the procedures of eliminating the potential threats and danger to birds and presenting adequate compensatory measures. The investor company was also ordered to compensate of the cut-out trees and shrubs by re-planting and to proceed the investment construction outside the breeding season of birds. There was also introduced an obligation for proper identification and design of rotor blades (paint in white or gray, dull, to avoid the effect of reflections and to increase visibility for birds).

All of the above requirements have been met by the investor of the project. Construction works were proceeded under conditions of environmental decisions (e.g. recycling of soil obtained during the excavation, the works connected with the erection of wind turbines were conducted outside the breeding season of birds and reproductive period of amphibians and reptiles, i.e., beyond the period of March 1 - July 31).

Environmental impact monitoring

According to the decisions on the environmental conditions of a wind farm in Śniatowo, the plants must not exceed the limit values of noise emitted into the environment, as defined in the Regulation of the Minister of Environment of 19 July 2004 on the levels of environmental noise (Journal of Laws No. 178, item 1841).

These limits are:

- for multi-family residential areas and farm building areas - 55dB in the daytime (from 6.00 to 22.00) and 45 dB at night (from 22.00 to 6.00).

Therefore, the owner of the installation was obliged to make and present a noise study). These studies have been performed by an appropriately certified laboratory and submitted to the competent authorities of the administration (Voivode of Zachodniopomorskie) in the course of the evaluation procedure of the post-investment environmental impact assessment. The noise emission limits have not been exceeded.

Monitoring of the impacts of the project on avifauna and the existence of other species was performed, as specified by the environmental decision. The monitoring includes:

- Staged report on the implementation of the annual pre-investment monitoring regarding the impact of proposed wind farm in the region of Śniatowo on the breeding of vertebrate animals and birds encampments in 2007 (W. Zyska, November 2007).
- Pre-investment annual monitoring for the assessment of potential effects of wind farm Śniatowo on animals moving in space for the period 01.03.2007-28.02.2008 (H. Molenda, June 2008).
- After-investment monitoring results of the existing wind farm Śniatowo together with a preliminary evaluation of the investment's effects on birds and bats - a I stage report (2008-2011) (W. Zyska, May 2011).

The last study (W. Zyska, May 2011) shows the results of the first stage of monitoring for the period of two years (between November 2008 and December 2010), i.e. the period prior to the FW Śniatowo construction, during construction and after the completion of investment. In the course of the monitoring the impact assessment on the wildlife, particularly birds and bats has been proceeded. Collected results relate to the period of incomplete operation of the wind farm. It shows however a complete lack of collisions of birds and bats with rotors of the turbines. There were also no adverse changes and phenomenas in the field of birds number and roughing. As of March 2011 there is carried out a monitoring for the period in which the farm operates at full installed capacity.

The project's boundary is defined by the Polish power grid. No other location of energy produced is expected to be set.

J. Scope of the project's impact on the environment, regarding avoidance of the greenhouse gas emissions

During environmental procedures it was necessary to draw up a report on the impact of the planned project - the construction of wind park and 110kV line on the environment. The project has undergone the Environmental Impact Assessment procedure for all the above mentioned elements of construction.

Based on a report prepared on the environmental impact assessments and noise studies, the project has been approved by the municipal environmental authorities. The project does not cause transboundary environmental impact. It is not located on the protected areas, especially excluding NATURA 2000. It reduces GHG emissions, as well as the emission of pollutants such as: NO_x, SO₂, dust.

The project's boundary is defined by the Polish power grid. No other location of energy produced is expected to be set.

K. Name of the entity developing the project documentation



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KRS (National Court Registry
Number): 0000351847

NIP (Tax Identification Number):
676-241-61-56
REGON (Statistic ID Number):
12118233

L. Calculation of the planned costs and revenue related to the project

A detailed information on the project financing in the years 2008-2030, taking into account the costs of O&M and revenues from the project are presented in detail in Annex 1 The detailed scheme of the financial structure of the project. Information on expected ERU price and income from this sale can also be found in the a/m document.

M. Stakeholder's comments

A Polish construction of the allowance issuance procedure requires stakeholder consultation element – stakeholder consultations have been made and no remarks were received (what was confirmed in the construction permits).

2. DESCRIPTION OF THE PROJECT'S FINANCING

A. Method of the project's financing

Project – construction of WF Śniatowo - was financed on the basis of public funds granted by German Bank for Development (KfW) and with funds from the bank credits and loans, given by private banks.

The next section presents the table showing a summary of the support provided by public and private sectors for the project, which constitute the method of project's funding. **Total loans and advances equals the total amount of investment costs of the WF Śniatowo and amounts to 75 200 001 EUR.**

B. Project's financing sources

The table below presents a diagram of of the project funding sources, including external funding of the project, i.e. a bank credits and public grant.

Item	Scheme and detailed conditions of repayment	
Tranche A1 (HSH Nordbank AG credit in PLN)	initial sum (EUR)	24 581 246,50 EUR
	initial sum (PLN)	84 606 192,33 PLN
	repayment value	1 536 327,91 EUR
	repayment cycle	semi-annually
	interest rate	7,97%
Tranche A2 (HSH Nordbank AG credit in EUR)	initial sum	9 318 754,50 EUR
	repayment value	1 536 327,91 EUR
	repayment cycle	semi-annually
	interest rate	6,18%
Tranche A3 (KfW – public funds)	initial sum	10 000 000,00 EUR
	repayment value	400 000,00 EUR
	repayment cycle	semi-annually
	interest rate	5,53%
Tranche B (HSH Nordbank AG – credit line)	credit line	13 400 000,00 EUR
	interest rate	8,50%

Tranche D (HSH Nordbank AG – credit line)	credit line	11 400 000,00 EUR
	interest rate	8,50%
Tranche D (HSH Nordbank AG – credit line)	credit line	6 500 000,00 EUR
	interest rate	5,30%

Table 3 Project's financing scheme I

Item	Currency	Value
	EUR	share (%)
Public funds	10 000 000	13,3 %
Credits	65 200 001	86,7 %
TOTAL	75 200 001	100%

Table 4 Project's financing scheme II

3. DESCRIPTION OF THE PROJECT'S BASELINE, THE DESIGN AND THE METHOD FOR ITS DETERMINING

A. Method of baseline determination, including the methodology applied in the project, with a justification

Baseline scenario

CDM Methodology ACM0002 "Consolidated baseline methodology for grid-connected electricity generation from renewable sources" Version 12.2.0 has been used, with two variations:

1. where ACM0002 refers to the "Tool to calculate the emission factor for an electricity system", a JI specific approach has been used, as the emission factor for the Polish national grid electricity system is provided by the National Centre for Emissions Management (KOBiZE). The emission factor is fixed ex ante for the whole 2008-2012 period and is 0.812MgCO₂/MWh;
2. second variation from the CDM Methodology ACM0002 is the project scenario demonstration of additionality, where Annex I to the Guidance on criteria for baseline setting and monitoring (JISC 18, Annex 2) using option (b): Provision of traceable and transparent information that an accredited independent entity has already positively determined that a comparable project (to be) implemented under comparable circumstances (same GHG mitigation measure, same country, similar technology, similar scale) would result in a reduction of anthropogenic emissions by sources or an enhancement of net anthropogenic removals by sinks that is additional to any that would otherwise occur and a justification why this determination is relevant for the project at hand.

Applicability

This methodology is applicable to grid-connected renewable power generation project activities that (a) install a new power plant at a site where no renewable power plant was operated prior to the implementation of the project activity (greenfield plant); (b) involve a capacity addition; (c) involve a retrofit of (an) existing plant(s); or (d) involve a replacement of (an) existing plant(s).

As the project activity is the installation of a power plant/unit of a wind power plant/unit and is not the following:

- Project activity that involve switching from fossil fuels to renewable energy sources at the site of the project activity, since in this case the baseline may be the continued use of fossil fuels at the site;
- Biomass fired power plant;
- A hydro power plant that results in the creation of a new single reservoir or in the increase in an existing single reservoir where the power density of the power plant is less than 4 W/m^2 ;

An applicability condition of the methodology are met.

Identification of the baseline scenario

The project activity is the installation of a new grid-connected renewable power plant/unit, the baseline scenario is the following:

Electricity delivered to the grid by the project activity would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources, as reflected in the combined margin (CM) calculations described in the "Tool to calculate the emission factor for an electricity system".

Baseline methodology is chosen to present best scenario that would occur in the case of no previous project. Baseline scenario implies that in the event of withdrawal of a project the electricity would be produced by operating, connected to the network, power plants and by adding a new source of production.

Electricity generation in Poland is based on fossil fuels, mainly coal and lignite. Polish energy system is dominated by conventional energy sources and it is expected that the current fuel mix will remain the same throughout the project's crediting period.

Main reasons for that are:

- very high (and rising) market prices of oil and gas which means that their use for energy production is neither competitive nor profitable,
- limited water resources, which make it impossible to increase the participation of hydro power in the RES market,
- distant prospect of opening the first nuclear power plant (years 2021- 22) according to the national energy policy,
- large national deposits of coal, along with the relatively stable and low price,
- rather limited area with very good wind conditions suitable for efficient production of electricity (mostly along the coast and in the mountains).

Project scenario

Since the proposed project activity is the installation of a new grid-connected renewable power plant/unit, the baseline scenario is the following:

Electricity delivered to the grid by the project activity would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources, as reflected by the baseline emission factor published by KOBIZE.

In accordance with the provision laid down in article 41 paragraph 3 of the Act on the system of managing emissions of greenhouse gases and other substances of 17th of July 20091 (Polish Journal of Laws no. 130, item 1070, with subsequent amendments), the Minister of the Environment can determine, in a way of a decree, criteria for baseline setting, including emission factors or sectoral baselines and their monitoring methodologies.

KOBIZE has determined an emission factor, specifically for projects involving reduction of electricity production from non-renewable resources or reduction of energy consumption in installations covered by the EU ETS. This factor, which was approved by the Minister of the Environment, is the basis to determine the baseline and calculate the emissions avoided or reduced by the project. The factor was calculated in relation to monitored, verified and reported CO₂ emissions. It does not take into account CO₂ emissions from small energy sources, which are not covered by the EU ETS (due to the negligibly small scale of production and emissions from these installations as compared to CO₂ emissions in the production of electricity from installations covered by the EU ETS). http://www.kobize.pl/materialy/jicdm/JI-wskaznik_referencyjny_26sie2011_publik.pdf

The document is not precise if the same reference baseline emission factor should be used for all years of the commitment period. Project developer made official enquiry to KOBIZE with this respect. At the date of PDD preparation, there was only a telephone confirmation of such approach, and a written confirmation has been promised to be provided shortly.

The scenario of the project involves the construction of a wind power plant with total installed capacity of 32MW. Renewable energy produced by wind farm replaces energy based on non-renewable sources, which is generated by conventional power plants and delivered to the Polish national energy grid.

Emission reduction will be calculated based on the total amount of CO₂ emissions avoided by the operation of this project. Baseline implies a higher rate than the scenario of the project, for which the emission rate is zero. This implies that emissions from the project also equal zero.

Project boundary

The boundaries of the project are determined by the Polish Power Grid.

Baseline emission factor

The reference rate per unit of carbon dioxide emission from electricity production for JI projects implemented in Poland, given by National Centre for Emission Balancing and Management was used to set the baseline and amounts to 0.812MgCO₂/MWh.

Emission ratio is the basis for determining the baseline and for calculation of emissions avoided or reduced.

B. Source data used for the calculation of baseline

The following data have been assumed for the baseline calculation:

- the amount of electricity, supplied to the grid in particular years of operation of wind farm [MWh]. Data on the amount of electricity, supplied in each year to the grid were acquired from the Operator, on the basis of invoices regarding the sale of electricity;
- carbon dioxide emission ratio for electricity production [$\text{Mg CO}_2 / \text{MWh}$].

Emission ratio provides a basis for determining the baseline and calculating the emission reduction resulting from implementation of this project.

Determined reference value of emission ratio should be used for setting the baseline for projects that reduce electricity production from non-renewable resources (ratio related to the production ratio), or reduce electricity consumption, derived by the operator of the national power grid.

As recommended by the National Centre for Emission Balancing and Management (KOBIZE) reference ratio of carbon dioxide emission for electricity production at the level of $0.812 \text{ MgCO}_2 / \text{MWh}$ has been applied.

Data was obtained from the website of KOBiZE. Detailed information can be found in the study "The reference ratio per unit emission of carbon dioxide for electricity generation for the determination of baseline for JI projects implemented in Poland", available at www.kobize.pl.

C. Determination of the applied baseline with justification

Baseline

- BE baseline [Mg CO_2] has been calculated as the product of: amount of electricity, which was supplied to the network each year or the amount of electricity that will be supplied (based on real values and forecasts of electricity production) E [MWh],
- reference carbon dioxide emission ratio for electricity production $WE = 0.812 \text{ [Mg CO}_2/\text{MWh}]$;

Baseline emissions

Baseline emissions include only CO_2 emissions from electricity generation in fossil fuel fired power plants that are displaced due to the project activity. The methodology assumes that all project electricity generation above baseline levels would have been generated by existing grid-connected power plants and the addition of new grid-connected power plants. The baseline emissions are calculated as follows:

$$BE_y = EG_{PJ,y} \cdot EF_{\text{grid,CM,y}}$$

Where:

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- BE_y = Baseline emissions in year y (tCO₂/yr)
- EGPJ,y = Quantity of net electricity generation that is produced and fed into the grid as a result of the implementation of the JI project activity in year y (MWh/yr)
- EF_{grid,CM,y} = reference carbon dioxide emission ratio for electricity production 0.812 [Mg CO₂/MWh]

Calculation of EGPJ,y

(a) Greenfield renewable energy power plants

The project activity is the installation of a new grid-connected renewable power plant/unit at a site where no renewable power plant was operated prior to the implementation of the project activity:

$$EG_{PJ,y} = EG_{facility,y}$$

Where:

- EGPJ,y = Quantity of net electricity generation that is produced and fed into the grid as a result of the implementation of the CDM project activity in year y (MWh/yr)
- EG_{facility,y} = Quantity of net electricity generation supplied by the project plant/unit to the grid in year y (MWh/yr)

Leakage

No leakage emissions are considered. The main emissions potentially giving reason to leakage in the context of electric sector projects are emissions arising due to activities such as power plant construction and upstream emissions from fossil fuel use (e.g. extraction, processing, transport). These emissions sources are omitted.

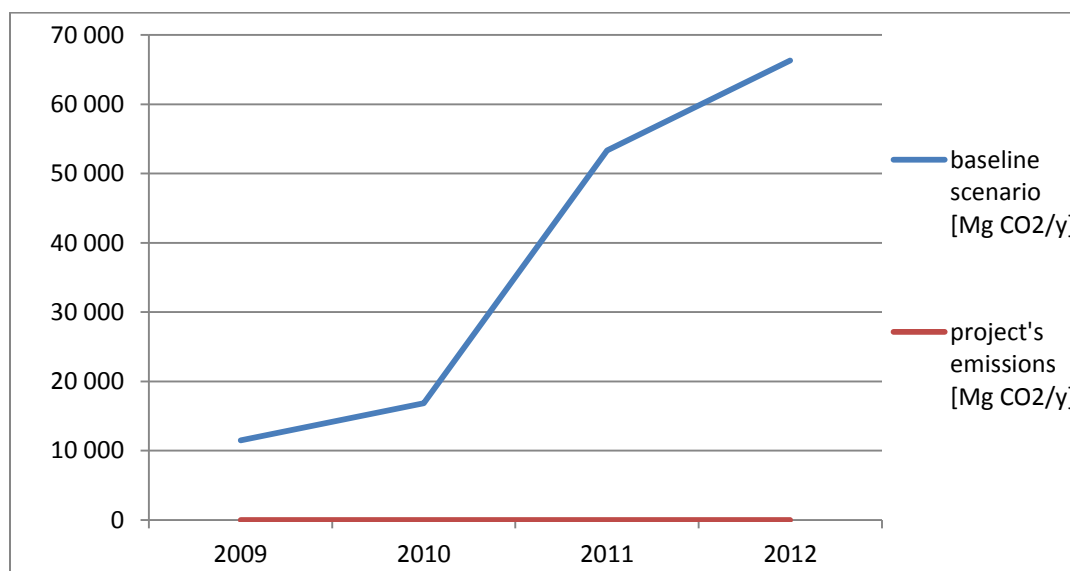


Figure 6 Baseline vs project's emission ratio

D. Date of baseline setting

The date of the setting of the base level is **22.12.2011**.

E. Name of the entity setting the baseline



Carbon Engineering sp. z o. o.
28/12 Szlak Str.
31-153 Krakow

office: +48 12 376 82 43
fax: +48 12 378 93 23
www.carbonengineering.pl

KRS (National Court Registry
Number): 0000351847
NIP (Tax Identification Number):
676-241-61-56
REGON (Statistic ID Number):
12118233

4. ESTIMATION OF THE GREENHOUSE GAS EMISSIONS AVOIDANCE AND DESCRIPTION OF THE APPLIED EVALUATION METHODOLOGY

A. Determination of annual amounts

Emission reductions

Emission reductions are calculated as follows:

$$ER_y = BE_y - PE_y$$

Where:

ER_y = Emission reductions in year y (t CO₂e/yr)

BE_y = Baseline emissions in year y (t CO₂/yr)

PE_y = Project emissions in year y (t CO₂e/yr)



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The amount of the annual GHG emissions avoidance has been calculated as the product of the amount of electricity [MWh], which will be supplied into the grid each year, calculated on the basis of supplier invoices for sales of electricity and the reference ratio of emission of carbon dioxide for the production of electricity, amounting to 0.812 [Mg CO₂/MWh].

The total amount of electricity supplied into the grid:

year	The actual amount of electricity, supplied into the grid E_{prod} [MWh]	Estimated amount of electricity E_{for} [MWh]	Total amount of electricity supplied into the grid E [MWh]	Commentary
2009	14 114,51	-	14 114,51	
2010	20 726,72	-	20 726,72	
2011	27 153,54	38 547,00	65 700,54	<i>forecast applies to the second half of 2011, the total amount on the date of the application consists of the electricity input to the grid in the first half of 2011. and planned production for the second half of 2011</i>
2012	-----	81 645,00	81 645,00	<i>planned amount on the basis of wind measurements and estimates of the investor</i>

Table 5 Total amount of electricity supplied to the grid annually

Annual GHG emission avoidance:

year	Total amount of electricity supplied into the grid E [MWh]	Reference emission factor of carbon dioxide for the production of electricity WE [Mg CO ₂ /MWh]	Annual GHG emission avoidance BE [Mg CO ₂]
2009	14 114,51	0,812	11 461
2010	20 726,72	0,812	16 830
2011	65 700,54	0,812	53 349
2012	81 645,00	0,812	66 296

Table 6 Annual GHG emission avoidance

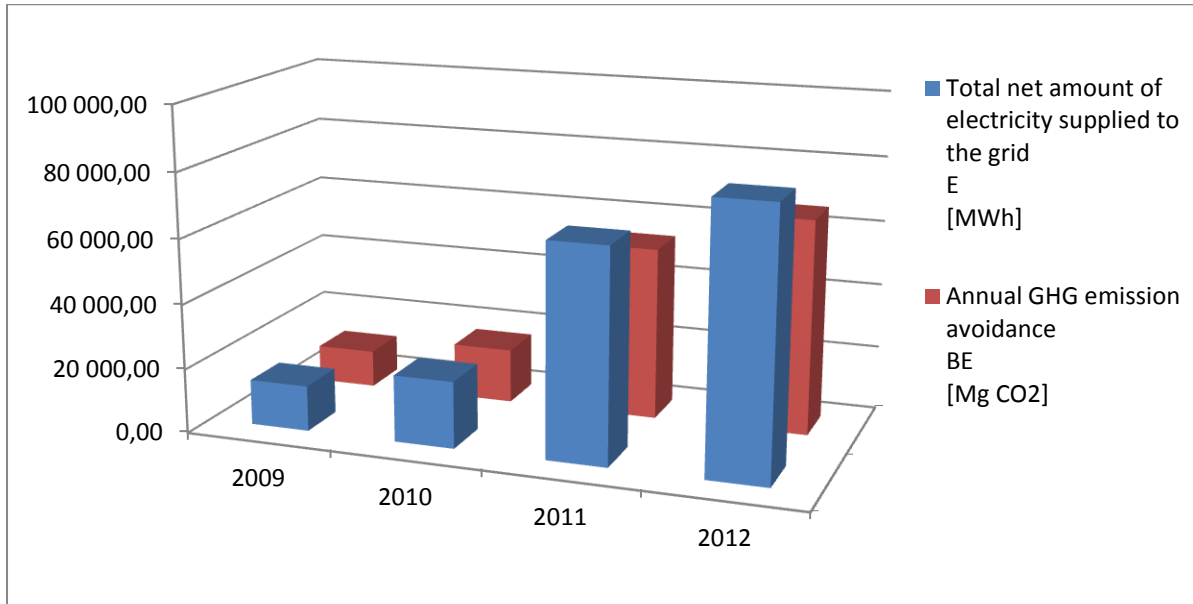


Figure 7 Total amount of electricity supplied to the grid vs annual GHG emission avoidance

B. Determining the total amount for the crediting period 2008-2012

The size of the total electricity production in the reference period 2008-2012 is estimated at 182 187 MWh. The emission avoided in the reference period 2008-2012 will amount to 147 936 Mg CO₂, what is equal to 147 936 emission reduction units (ERU).

C. Determining the total amount during the project's operation

In order to estimate the total emissions avoided during the operation of the project, a forecast of electricity production of 244GWh has been assumed.

$$E_{\text{for av}} = 81\,645 \text{ [MWh]}$$

Forecasted electricity production in 2008-2012 equals to: 270 210 MWh

$$E_{\text{for tot}} = 18 \times 81\,645 = 1\,469\,610 \text{ [MWh]}$$

The table below presents the total amount of emissions avoided during the project's operation, ie in the years 2008-2030:

year	Total amount of electricity supplied into the grid E [MWh]	Reference ratio of emission of carbon dioxide for the production of electricity WE [Mg CO ₂ /MWh]	Annual GHG emission avoidance BE [Mg CO ₂]
2008	-	0,812	-
2009	14 114,51	0,812	11 461
2010	20 726,72	0,812	16 830
2011	65 700,54	0,812	53 349
2012	81 645,00	0,812	66 296
2013-2030	1 469 610,00	0,812	1 193 323

Table 7 Total amount of GHG emission avoid during the project's operation

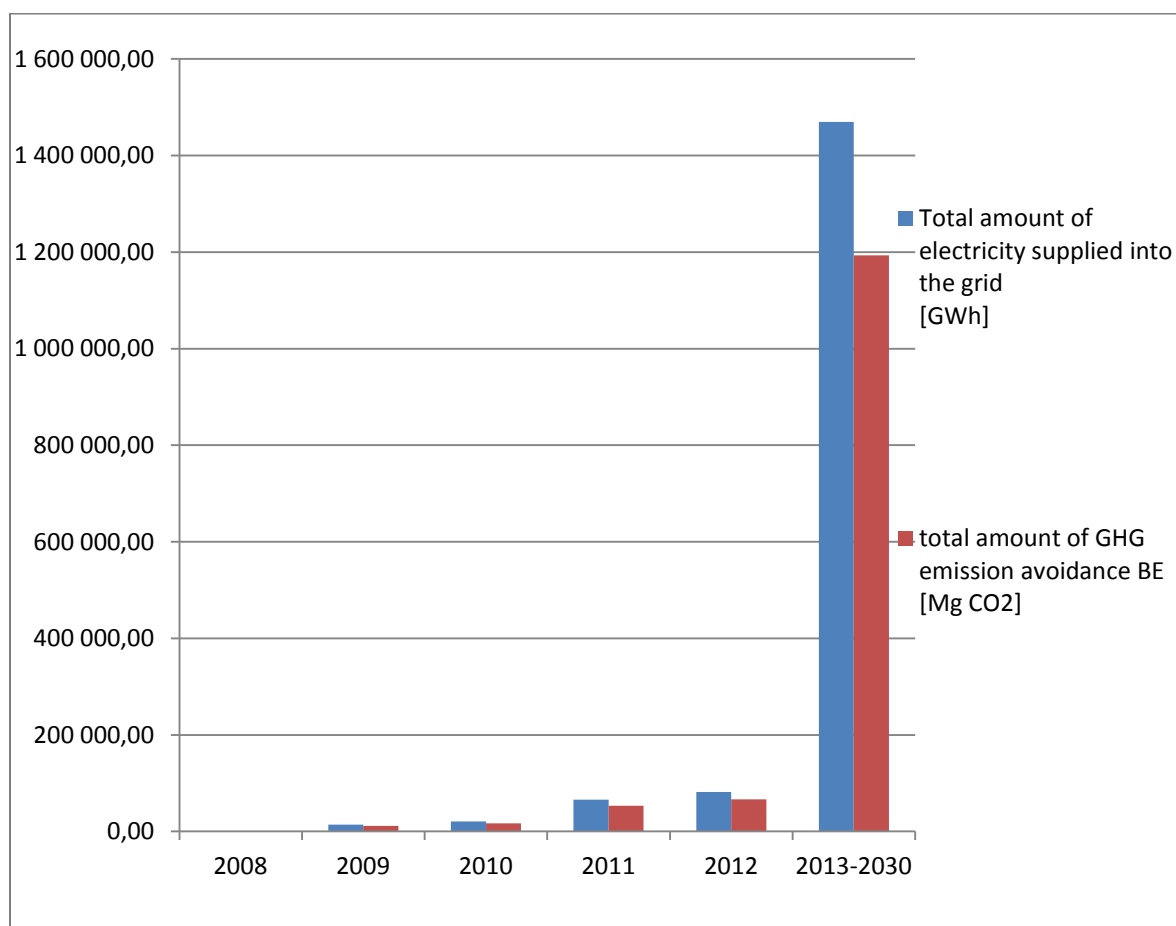


Figure 8 Total amount of electricity supplied into the grid vs total amount of GHG emission avoidance during the project's realization

The amount of the total electricity production during the project's operation is estimated at 1 651 797 [MWh]. The amount of emissions avoided during the project's operation will amount to 1 341 259 [Mg CO₂], which equals to 1 341 259 emission reduction units (ERU).

D. Starting date for greenhouse gas emissions avoidance

Starting date for greenhouse gas emissions avoidance is 3rd December 2009.

E. Emission reductions generation period

It was assumed that the generation of ERUs from project covers the period from 03.12.2009 to 31.12.2012, which is in line with international and national provisions governing the JI reduction projects, which are defined as a flexible mechanism for meeting the objectives of the Kyoto Protocol.

F. Estimation of the amount of greenhouse gas emissions generated by the project's operation

According to ACM0002 Version 12.2.0 for most renewable power generation project activities, PE_y = 0. However, some project activities may involve project emissions that can be significant. These emissions shall be accounted for as project emissions by using the following equation:

$$PE_y = PE_{FF,y} + PE_{GP,y} + PE_{HP,y}$$

Where:

- PE_y = Project emissions in year y (tCO₂e/yr)
- PE_{FF,y} = Project emissions from fossil fuel consumption in year y (tCO₂/yr)
- PE_{GP,y} = Project emissions from the operation of geothermal power plants due to the release of non-condensable gases in year y (tCO₂e/yr)
- PE_{HP,y} = Project emissions from water reservoirs of hydro power plants in year y (tCO₂e/yr)

The proposed project activity does not consume any fossil fuels, is not a geothermal power plant and no hydro.

An emergency generator is located in the perimeter of the wind farm and is a source of power in case of power shortage from the 110kV grid. Immediately after the power supply failure a group of batteries is used as a back-up energy. Emergency generator is used during scheduled and unscheduled downtimes of the GPZ(main power source point) and started for 10-15 minutes each month during maintenance activities.

Consumption of diesel fuel is estimated to be ca 100l per year and the amount is not monitored due to its negligible scale. Emission of CO₂ from combustion of 100l of diesel oil is ca 0.3 MgCO₂.

Having in mind the above, it can be assumed that this project does not generate any GHG.

5. ASSESSMENT OF THE ADDITIONALITY CONNECTED WITH THE REALIZATION OF AN EMISSION AVOIDANCE PROJECT

A. National and sectoral policies

Analysis of the wind energy sector in Poland

Against the background of European countries, especially in view of these with a high utilization rate of renewable energy sources such as Germany, Spain and Denmark, Poland is a country that is definitely just in the phase of wind energy development. This source of renewable energy had practically not been used in Poland before 2000.

Large areas of the country with favourable wind velocity (5.5-7.0 m / s at a height of 50 meters), make Poland one of the most attractive locations of wind farms in Europe. Interest of domestic and foreign companies in the acquisition of projects related to wind energy has been growing significantly as well.

According to the estimates presented by Polish Wind Energy Association (PWEA), more than 100 entities, which are **developing projects or obtaining wind project investment areas - sub-contractors involved in the development of** wind farms and experts engaged in environmental and energy development, designers and service companies, are currently operating in the domestic market.

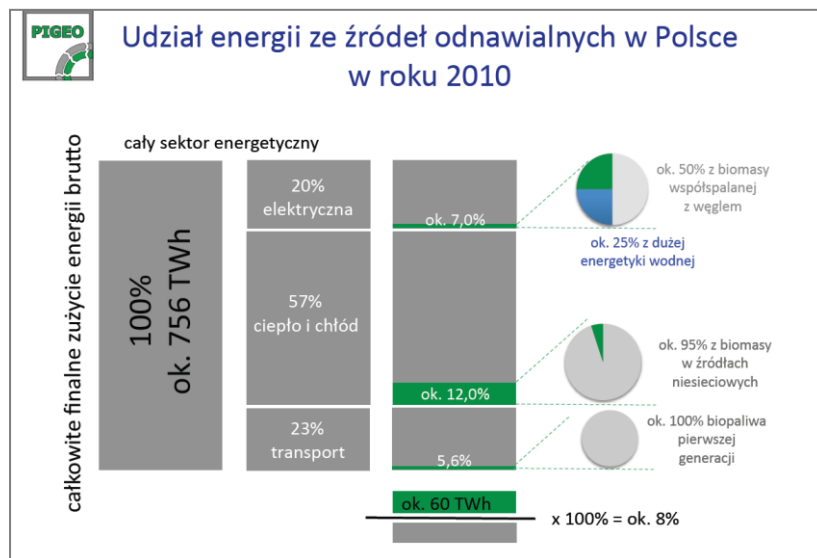


Figure 9 RES energy in Poland in 2010

Source: PIGEO

In recent years, there has been a significant increase in installed capacity of wind farms in Poland, between 2000 and September 2009 it has increased by more than 166 times. The dynamic development is also proved by installation of facilities with a total capacity of 206 MW between 2007 and 2008.

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However, according to PWEA analysis, saturation of wind power in Poland is among the lowest in Europe. The installed capacity in wind energy per capita is 0.012 kW, and per km² of land area equals to 1.44 kW.

Electricity generation in Poland (professional wind farms)					
2004	2005	2006	2007	2008	I-V 2009
142,3	135,3	388,4	494,2	790,2	233,3

Table 8 Electricity generation in Poland (professional wind farms)

Source: URE

According to the report "Wind power development in Poland - 2020 perspective" developed by PWEA, in 2020 wind farms will be the cheapest renewable source of electricity - a technology where the electricity production costs will be comparable with the costs of electricity production in existing nuclear power plants. Participation of wind power in electricity production will increase rapidly to 17% in 2020 and almost 29% in 2030.

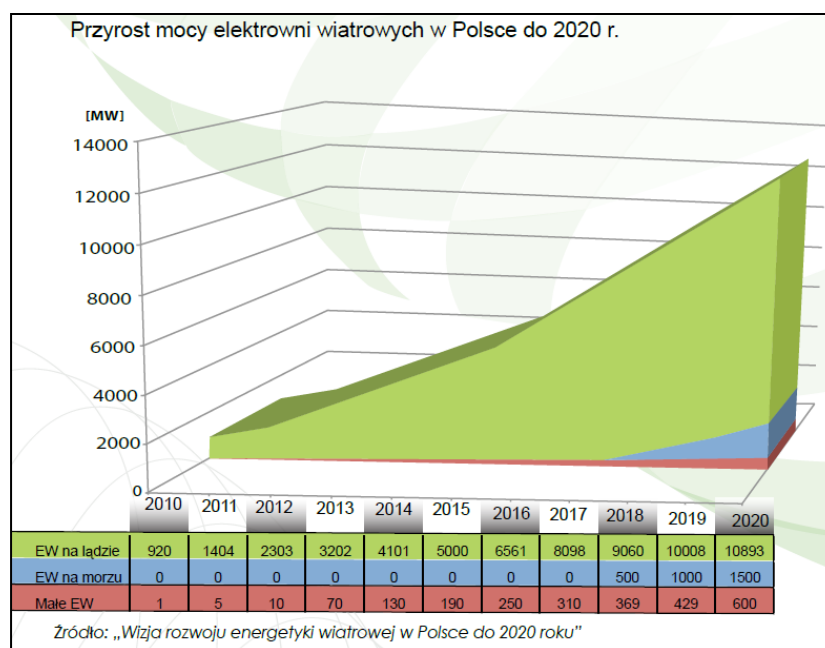


Figure 10 Forecast of Installed capacity of wind farms by 2020 in Poland
Source: Raport „Wizja rozwoju energetyki wiatrowej w Polsce do 2020 r.”, PSEW

Wind energy is one of the cheapest technological options to avoid the emission of CO₂. According to the scenario, avoidance of the emission of CO₂ using wind energy will reach 33 million tons in 2020, with further potential for growth up to 65 million tons in 2030.

The development of wind energy sector will influence local business activity. Income from municipal property tax in 2020 is likely to equal to even 212 million PLN / year (about 2% of all rural municipalities' own revenues, and in case of municipalities with favourable wind conditions up to 17%). Tenants' revenues from wind farm sites in 2020

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may account for over 100 million PLN / year. Wind energy will make a significant contribute to the implementation of Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC in the perspective of 2020.

National and sectoral RES policies

No.	Title of the document	Main assumptions
1	STATE ENVIRONMENTAL POLICY FOR THE PERIOD 2009-2012 with the prospect of 2016 (adopted the Resolution of the Parliament of 22 May 2009)	adoption of the new Polish energy policy until 2030, which will incorporate mechanisms to stimulate both energy savings and promote development of renewable energy
2	CLIMATE POLICY - Strategies to reduce greenhouse gas emissions in Poland by 2020 (adopted by the Council of Ministers on 4 November 2003)	after 2010 there will be need to build new capacity in power plants, construction of new coal plants means maintaining the relatively high CO ₂ emissions from burning coal throughout many years; use of renewable energy resources (RES) is one of the most important actions that allow to effectively reduce GHG emissions, most prospective technologies in Poland are: biomass power plants, wind farms, hydropower plants;
3	POLAND'S ENERGY POLICY - 2025 (adopted by the Council of Ministers on 4 January 2005)	action plan for the wind energy boils down to just three tasks: to prepare maps of areas intended for start-up projects related to wind energy, the development of the concept of combination pumped storage power plants with wind turbines and a comparison of schemes to support renewable energy sources used in different countries; in the long term one should not expect significant changes in the Polish power sector, which will remain strongly focused on the coal;
4	RENEWABLE ENERGY DEVELOPMENT STRATEGY (adopted by the Council of Ministers on 5 September 2000)	strategic objective for participation of renewable energy in the fuel and energy balance in 2010 for Poland is almost half the size of the EU objective; however, forecasts regarding share of renewable energy in the fuel and energy balance of the country do not indicate that this participation by 2010 could be higher than 7.5%; it is necessary to initiate development programs for various types of renewable energy sources that contribute to achieving strategic goals; these actions should allow for doubling the share of renewable energy in the fuel and energy balance in the perspective of 2020. compared to 2010 and obtaining the value of 14%;
5	SUSTAINABLE DEVELOPMENT STRATEGY FOR POLAND 2025 (adopted by the Council of Ministers on 26 July 2000)	pro-ecologic activities, including the use of renewable energy resources and recycling materials will become competitive in the market through appropriate financial and fiscal policies, introducing the internalization of external costs of health and environment protection products to the market prices;
6	NATIONAL DEVELOPMENT PLAN 2007-2013 (adopted by the Council of Ministers on 11 January 2005)	increase in the participation of energy from renewable energy sources as one of the priorities of national development and as a key component of national energy security growth, through diversifying sources of energy production; it is also planned to modernize electricity grids and the RES energy infrastructure;

1. According to the **Environmental Policy** it is necessary to adoption as soon as possible a new Polish energy policy until 2030, which will incorporate mechanisms to stimulate both energy savings and promote development of renewable energy sources; these two methods, in the most radical way, reduce the emission of any pollutant into the environment, as well as they are cost effective and socially acceptable. **Poland committed itself to the participation of renewable energy sources in 2010 amounted to no less than 7.5% and in 2020 - 14% (according to the European Commission participation shall be not less than 15%). Only through extensive promotion of the use of these sources, along with economic and organizational incentives Poland can meet the objectives set by the EU.**
2. **Analysis of the potential of GHG emission reductions** undertaken within the **Polish Climate Policy** indicates that at a moderate rate of growth of electricity demand and a significant surplus of generation capacity in Poland after 2010, there is a need to build new capacity in power plants. **Among the energy technologies available in Polish conditions it is best chance of use have coal technologies (coal or lignite) or gas.** From the viewpoint of optimal allocation of fuel coal of the Polish mines to different consumers it would be beneficial to concentrate its exploitation in large energy facilities. In such facilities there are suitable technical and economic conditions for the use of effective technologies of the protection of the atmosphere from pollution from coal combustion.

On the other hand, construction of new coal power plants means maintaining relatively high CO₂ emissions from burning coal for many years. From the perspective of GHG emission reduction strategies it would be better to use high-efficiency natural gas-burning technology, working in the gas - steam cycle.

Moreover, the use of renewable energy resources (RES) - the use of technologies using renewable energy sources and projects in the field of energy saving are the most important activities allowing effective reduction of GHG emissions. Rational use of energy from renewable sources of energy such as rivers, wind, solar radiation geothermal energy or biomass, is one of the essential components of sustainable development, bringing measurable benefits and energy effects. **Most promising technologies in Poland are: biomass power plants, wind farms, hydroelectric power plants**

In this document, different variants of realization of climate policy were presented in three scenarios of GHG emission reductions:

- **Reduction reference scenario:** reduction of GHG emissions in accordance with current policy of the state (the most important is the assumption of the coal sector to maintain its activity at the level set on the basis of government reform program of coal mining. assumed 100-65 million tones of extraction and maintenance of electricity production based on lignite at the current level by 2020)but without forcing the share of RES in the energy balance by 2020., which is set by the renewable energy strategy at the level of 14%;
- **Reduction market scenario:** a policy implemented in the released energy market - the release of structural limitations, including lack of forcing a 14% share of RES in the energy balance by 2020.,
- **Reduction ecological scenario:** a policy implemented in conditions of release of structural limitations, but forcing 14% share of RES in the energy balance by 2020, set by the renewable energy strategy;

3. **Polish Energy Policy until 2025 includes long-term forecasts of energy and action plans for the Polish government.** Key objectives include: increased the increase of (including the diversification of energy sources), increase of competitiveness for Polish energy sources in domestic and foreign markets, environmental protection, energy efficiency and reduction of carbon emissions associated with energy production.

The strategy takes into account the need to meet the obligations of the Treaty of Accession and EU directives (especially Directive 2001/77/EC, 2001/80/EC and 2001/81/EC), as well as it assumes certain transitional periods. However, an **action plan for the wind energy sector reduced only to three tasks: to prepare maps of areas intended for launching of projects related to wind energy, the development of the concept of connections of pumped-storage hydro plants with wind farms and a comparison of schemes to support renewable energy sources used in different countries.** In addition, "Polish Energy Policy" confirms that the Polish authorities are serious about building the first nuclear power plant in the years 2018-2020.

There are four different scenarios for long-term development of the Polish energy sector presented in the document - Treaty Variant, Coal Variant, Gas Variant, and Performance Variant. Forecasts for the use of various energy sources in different scenarios are based on the current structure the fuel consumption in the Polish energy sector, hence the assumption of continued domination of coal, particularly in the Treaty and Coal Variant, where the increase of coal consumption is expected. All scenarios assume the construction of nuclear power plant and use of nuclear energy around 2020.

Detailed investment plans of particular power plants are not publicly known. However, **based on consolidated data of the PSE it can be expected that after 2008 there will be an increased activity in the construction of new installations.** However, alongside with the modernization and construction of new power units, the old units will be switched off, which in turn can cause a drop in the total installed capacity.

In the long term one should not expect significant changes in the Polish power sector, which will remain firmly oriented towards coal. Polish International commitments will force the government to revise the policy in order to change the structure of electricity sources in Poland. However, the effects of these changes will not affect the emissivity of energy production before year 2012, which is the end of the crediting period.

4. The conclusions of the **Renewable Energy Development Strategy** indicate that the next few years, renewable energy will constitute a significant component of the energy balance of the European Union. The strategic goal for the share of renewable energy in the fuel and energy balance in 2010 for Poland is almost half the size of the EU. However, forecasts regarding the share of renewable energy in the fuel and energy balance of the country do not indicate that this share could be higher than 7.5% by 2010. During this time, the mechanisms proposed in this strategy and new solutions developed, will be checked and verified. At the same time we should proceed to development programs for various types of renewable energy sources that contribute to achieving strategic goals. These actions should allow for

doubling the share of renewable energy in the national fuel and energy balance in the perspective of 2020. compared to 2010. and achieving the value of 14%.

The development of renewable energy sources offers an opportunity, especially for local communities, to maintain energy independence, regional development and new workplaces, as well as eco-friendly modernization, diversification and decentralization of the national energy sector. It is estimated that implementation of the objectives contained in the Strategy will allow the reduction of GHG emissions by approximately 18 million tons and to create additional 30-40 thousand. of workplaces. The sooner Poland engages in the development of renewable energy, the faster the domestic renewable energy industry, especially small and medium-sized enterprises will become an equal participant in the global market for renewable energy technologies. The existing technical potential of renewable energy sources requires the implementation of the tasks aimed at its best use, and without support from the state, the rapid development of renewable energy is not possible.

5. **Sustainable Development Strategy** confirms the previously discussed assumptions. The strategy underlines **the postulate that the pro-ecological activity, including the use of renewable energy resources and recycling materials will become competitive in the market through appropriate financial and fiscal policies, introducing the internalization of external costs of health and the environment protection with market prices.** It is also necessary to support the development of science and environment-friendly technologies and intellectual property rights protection for these technologies, the free transfer of technology and environmental investments and support for the export of Polish technical ideas in this regard.

Polish Strategy for Sustainable Development must be supported by properly designed sectoral policies, including the state environmental policy, the policy of economic development, the policy of the development of the fuel and energy sector, resources policy, agricultural development policy, transport policy, planning policy and the regions of the country, politics development of science, education and higher education, health care policy, foreign affairs and home affairs, policy of the development of law and justice, labor and payroll policies, and finally, financial, fiscal, customs and public procurement policy. In addition, the environmental components should be included in privatization programs, investment programs, educational programs and propaganda. Responsibility for their implementation must rest on environmental departments and the Treasury.

6. **The National Development Plan - Preliminary Draft for 2007-2013 - mentions the increase in the share of energy produced from renewable energy sources as one of the priorities of national development and growth and as a key component of national energy security by diversification of sources of energy production. The modernization of energy networks and energy infrastructure using RES is also planned.** These postulates were included in the new programming period of European funds, and the Operational Program Infrastructure and Environment and Innovative Economy Operational Program have been equipped with mechanisms and measures aimed at increasing the share of result in the production of "green" energy in overall energy balance of the country.

All the above mentioned strategies, relating in their thematic scope to the development of the RES and their main objectives and priorities clearly indicate that from the viewpoint of both the national economy, energy security and

sustainable development, taking into account the interests of future generations, the support for the renewable energy sector is a very important goal for Poland in the next decades. This suggestion is based both on the Polish Government's commitments included in the international agreements such as the Kyoto Protocol and the Community rules, plans and strategies, in particular, the regulations included in the so-called. Climate-energy package 3x20.

Unfortunately, **the realization of these objectives and targets is not fully reflected in national legislation nor does it translate into real, tangible help in the investment process for the investors who are planning and implementing projects such as wind farms in Poland. The length of the entire investment process, which can take up to 8 years and all kinds of barriers and difficulties, especially technical and organizational,** faced by investors are a major disincentive to renewable energy projects. On the one hand there are real commitments regarding the achievement of the share of energy production from renewable sources in the national balance sheet at 15%. Officially there is also a public aid for projects (mainly within EU structural funds, regional programs, Green Investment Scheme).

In reality, however, application for the support for investment is limited by various kinds of criteria, which are often difficult to meet and also by the size of the allocation alone. Number of entities that can benefit from such support is, therefore, in effect, very limited. Investors can be assured only of revenues from the sale of "green" energy and the revenues from the sale of certificates of origin. This does not always allow the full coverage of costs of investment and ongoing operation of the project. Therefore, **the possibility of obtaining revenue from the sale of emission reduction units (ERUs), granted for a certain level of CO₂ avoidance, is an additional, strong incentive for investors. This may be in many cases a very important condition that enables the decision to implement renewable energy investments in Poland, despite the not entirely favourable technical, organizational and legal conditions. This was also the case with the investor.**

B. The estimated internal rate of return with and without revenue from the sale of emission reduction units

- Estimated internal rate of return without revenue from the sale of emission reduction units: 5,87%
- Estimated internal rate of return including revenue from the sale of emission reduction units: 5,95%

C. Description of the difficulties that may occur during the implementation of the project and an indication of the way they are removed

List of formal, legal, economic, technical and social barriers identified by the investor during the preparation and implementation of investment

Legal barrier - One of the major barriers is the still unpredictable, inconsistent and ambiguous law. Concepts and principles of operation of renewable energy projects have changed several times in the past few years. In recent years there have been changes in a number of legal acts such as: Construction Law, Energy Law, Environmental Protection Law, The Nature Conservation Act, Public Procurement Law and the implementing regulations for these

laws. The changes were very as far as legal conditions of the investment in wind energy are considered.

The difficulties indicated by the investor are largely coherent with the description of general and sectoral barriers for the investments in renewable energy sector, which are presented in a recent report of PKPP Lewiatan: „*The list of barriers in the energy sector*”, developed in May 2011, and also in the conclusions described in the report.: „*Wind energy in Poland*”, developed in November 2009 by the TPA Horwath and Domanski Zakrzewski Palinka.

In order to equalize the conditions of the operation of renewable energy installations in the energy market, there are instruments of support: legal (e.g., quantitative liabilities), financial (e.g. subsidies from environmental funds and EU funds) and tax (e.g. the excise duty relief). They serve not only the renewable energy sector and obtaining its full competitiveness, but also the implementation of important general social objectives related to environmental protection, job creation, improving energy security, development of innovation and de-monopolization. These also serve directly the implementation of Poland's international obligations relating to i.e. environmental protection and in the current situation – the implementation of climate-energy package. However, they are difficult to access, application process is long and complicated, not always clear are the criteria upon which proposals are being rejected. It should be noted also that the funds are depleted long before the end of the programming period and the intensity of support is determined arbitrarily, in an uncoordinated manner and without a broader analysis of costs and technological learning curves.

Determination of the connection conditions by the investor of the project is one of the major ratios complicating and extending the investment process. Each case it requires difficult arrangements with the grid operator and the electricity company, before the final version of the document is accepted. In addition, each of these evaluations must take into account other wind energy projects who have already received the connection conditions. However, most of these projects will not be implemented due to lack financial resources, and they simply block access to the network. Conditions remain valid for 2 years and during that period these projects keep exclusive rights for the connection in a particular location. This is why many new projects have difficulties obtaining the technical conditions of connection to the grid, especially if we consider the weak transmission system in certain regions of Poland.

The current state of transmission and distribution infrastructure does not allow for the transfer of such quantity of renewable energy to the grid, which in future years would enable the realization of a mandatory share of renewable energy in total energy sold. It should be emphasized that none of the existing regulations does oblige operators to modernize and develop the transmission infrastructure. This issue remains therefore a matter for the respective boards of corporations, but it is no secret that the primary investment objectives of all major energy groups are within the area of reconstruction and construction of new capacity, rather than modernization of or construction of the transmission / distribution infrastructure. In practice, the source of wind mainly depends on the capacity of local distribution systems and to a lesser extent on the condition of national high voltage transmission system.

The result of the above described barriers to the development of wind energy sector is the fact that **duration of the investment process in Poland is still very long and equals to an average of 4 to 7 years, while the project preparation duration until the start construction works can take range from one year to 5 years, and the lower limit of this range applies to projects of small capacity. Not all investors, despite the start of preparatory actions, finalize the scheduled projects.**

D. Justification of the project's additionality

During the implementation of the wind power project in Śniatowo, Windpark Śniatowo Management GmbH EW Śniatowo sp.k. (Vortex Polska Management sp. z o.o.) was forced to overcome the above mentioned barriers and difficulties, which were for her a financial, organizational and time ballast.

Thanks to the experience of persons involved in the project preparation and determination of the project owners (specialized in projects related to wind energy) it was possible to overcome such sectoral and individual barriers and to complete the project successfully. The above conclusions drawn from the history of the investment and difficulties encountered in connection with its realization, together with the analysis of RES industry sector presented in Section 5 A. of this project documentation implicate, according to the investor, the fulfillment of the condition of additionality of the project, within the meaning of Article 6.1 (b) of the Kyoto Protocol.

Project participants may demonstrate additionality in one of a number of ways, which are set out in Annex I to the Guidance on criteria for baseline setting and monitoring (JISC 18, Annex 2).

These are:

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

Option (b) is selected to demonstrate additionality.

Based on the regulations drawn up by JISC, in particular Annex I to the Guidance on criteria for baseline setting and monitoring (JISC 18, Annex 2), it is possible to rely on the so-called exceptional case, namely the existence of similar reduction projects whose additionality has been proven by the investor and approved by the AIE, in order to demonstrate the additionality of the project, which is the subject of application procedure for the issuance of the Letter of Approval.

In recent years a number of ongoing JI projects in Poland, involving the production of renewable energy in a wind farm, including:

- projects Lake Ostrowo <http://ji.unfccc.int/JIITLProject/DB/S4IZCRCRZ9K8LO1W7SF42J9EY24KK/details> (LoA 2007 Jan 31) ITL Project ID: PL1000063
http://www.dnv.com/focus/climate_change/upload/pdd%20and%20monitoring%20plan%20-%20lake%20ostrowo.pdf and
- Zagorze <http://ji.unfccc.int/JIITLProject/DB/34F3QUAKGOUUEKOBGFVQPUREG06603/details> (LoA 2005-01-10) ITL Project ID PL1000065
http://www.dnv.com/focus/climate_change/upload/zagorzewindpddpoland.pdf has been accepted and registered.

Lake Ostrowo is located nearby Wolin, a small city located in Zachodniopomorskie Province in Poland. The total installed nominal generating capacity is 30.6 MWe, resulting from erecting 17 wind turbines of 1.8 MWe installed capacity each

Zagorze wind farm is located on Wolin Peninsula, a region in the north western part of Poland and utilizes 15 2MW Vestas wind turbines.

Named projects are also large scale projects, utilize same technology, same type of turbine (1.8MW and 2MW) and are connected to the same national grid, therefore reference to can be made directly and therefore are applicable to this project in the light of aforementioned project additionality demonstration option of JISC 18, Annex 2 decision.

6. MONITORING PLAN

A. Identification of the data and information that should be collected to monitor the project and the method of data collection, analysis and storage

For the purpose of the monitoring the project's data must be systematically and accurately collected - regarding production volumes of electricity supplied into the national grid, as a result of a wind farm's operation. Direct measurements are performed using the meters and wind farm support management software, which is provided by the manufacturer of turbines - Vestas.

Reading of electricity is performed remotely via software SKADEN. Production data are collected continuously in the meters memory. Readings are made once a month at the beginning of each calendar month, regardless of the competent Energy Distribution Company and the owner of a wind farm. Data from the readings are being archived by the SKADEN software.

Data on production, which will be the basis for the development of the monitoring reports is checked by means of invoices issued for the monthly sales of electricity (distributor invoices, based on the contract for the sale of energy). Additionally, the certificates of origin may be used as a secondary proof of the production of electricity.

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The acquired data is stored in the office of the company managing the project - Windpark Sniatowo Management GmbH EW Śniatowo sp.k. Calculations and internal reports on the number of ERUs generated by the project's activity are stored in both paper and electronic (CD) version for 10 years after the end of crediting period in the headquarters of Windpark Sniatowo Management GmbH EW Śniatowo sp.k. and as a "backup" by the computer system administrator.

Monitoring reports for the previous year will be sent to the national competent authorities no later than March 1 of the calendar year with a request for issuance of ERUs for energy production in the period, subject to monitoring.

B. Description of formulas used to calculate the emissions generated by the project, along with their description

The project contributes to the reduction of carbon dioxide emissions by transferring to the power grid the renewable electricity, which replaces the energy that would otherwise have been produced by conventional power plants using fossil fuels.

Emission reduction ER_y by the Project during the year y is the difference between baseline emission (BE_y), emission of the project (PE_y) and emission caused by the leakage (Ly):

$ER_y = BE_y - PE_y - Ly$

Baseline emission equals BE_y :

$BE_y = E_y \times WE$

where:

E_y – amount of electricity delivered to the grid [MWh]

WE – reference carbon dioxide emission rate for electricity production

$WE = 0,812$ [Mg CO_2 /MWh]

The project does not result in GHG emissions, nor create a risk of any additional emissions due to leakage, therefore:

$PE_y = 0$

$Ly = 0$

Therefore, the project's emission reduction equals to:

$ER_y = BE_y = E_y \times WE$

C. Determination of procedure for monitoring the reliability of data and information gathered in order to monitor the project

MONITORING PLAN

**The procedure for reviewing the accuracy of data and information collected to monitor the project
Wind Farm Śniatowo for the purpose of granting of the emission reduction units (ERUs)**

	Name and surname	Position	Date	Signature
Developed by:				
Accepted by:				

A. Duration of the monitoring and the methodology applied:

1. The aim of the Monitoring Plan (MP) is to present the procedures for acquisition and recording data required for annual verification of number of Emission Reduction Units (ERUs) generated by the Project during the 2008 – 2012 period.
2. The MP is to be used for verification of Emission Reduction Units which will be due to commissioning and operation of the Śniatowo Wind Farm.
3. Verification of the number of acquired emission reduction units will take place every year during the whole crediting period, i.e. 2008-2012. A monitored variable will be the electrical energy delivered to the grid by the wind farm in the course of particular years of the crediting period.

B.: The allocation of responsibilities, rules for obtaining data, running the calculations and internal control:

1. The person designated by WINDPARK ŚNIATOWO MANAGEMENT GMBH EW ŚNIATOWO SP.K. for project management will be responsible for obtaining the source data necessary to calculate the baseline emissions and, consequently, eventually for calculating the number of emission reduction units and proper storage.
2. As a substitute, in exceptional cases (e.g. longer absence of the person responsible due to various reasons), the obligations relating to the monitoring will be taken over by Asset Manager.
3. Collection of data for the previous year and calculation of monitored indices shall be performed by 31 January of a particular calendar year.
4. Asset Manager will be responsible for verification of correctness of used source data, control of their proper recording, verification of correctness of calculation of ERUs and overall control. Asset Manager will be responsible for the whole monitoring process management.
5. In case of the Asset Manager performing the calculation of ERUs (while substituting the person responsible in his or her absence), the internal control and approval shall be temporarily performed by Head of Project and Asset Management.
6. The internal verification of correctness of the input data, calculations and recording method for the previous year (of the content of an annual monitoring report prepared by the person responsible) shall be concluded by 10 February of a particular calendar year.
7. As a result of the verification should therefore be done an internal acceptance of the report by the Country Manager.
8. In case that data contained in the report are proved to be incomplete, based on improper assumptions, bad calculations algorithm or in case of any other irregularities, the Country Manager shall recommend that the person responsible for the preparation of the monitoring report will implement appropriate corrections or provide supplementary information, in the course of 10 consecutive days from the

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- conclusion of internal verification of the annual report, i.e. until 20 February of a particular year.
9. The independently verified reports concerning the previous year shall be sent to DNA no later than before 1 March of a particular year.
 10. Calculations and internal reports on the number of emission reduction units generated within the project should be stored in both paper and electronic (CD) for two years after the end of the crediting period in the seat of WINDPARK SNIATOWO MANAGEMENT GMBH EW ŚNIATOWO SP.K. and as a "backup" on the computer of system administrator.
 11. CD-ROMs and paper files shall be stored separately, in a room together with other basic, key documents of the WINDPARK SNIATOWO MANAGEMENT GMBH EW ŚNIATOWO SP.K. The access to documentation stored in this way shall be restricted only to Country Manager, Head of Project and Asset Management, Office Manager.
 12. The following indices and quantities will be monitored:
 - The amount of energy supplied by the Project to the grid,
 - The number of ERUs generated by the Project during particular calendar year.
 13. Measurements of the energy supplied to the grid by the project will be conducted by the meters. Monitoring of wind farms production is carried out using the SCADA software. This software allows the online viewing of all parameters of wind farms operation including the production of individual turbines and the total electricity generation of the wind park.
 14. The data for each passed calendar year, together with the calculations of the number of ERUs, shall be recorded in a separate spreadsheet and stored in paper and electronic form. There should be a year written on each spreadsheet (verification year).
 15. Correctness of formulas used in the spreadsheets shall be verified by Asset Manager and protected from data modification. In case of electronic versions, an eight-characters password shall be used; in case of paper documents two copies bearing the signatures of Asset Manager shall be made. One copy shall be stored in a limited access storage spaces.
 16. The calculation formulas will comply with above mentioned methodology. Number of ERUs will correspond to the amount of electricity delivered to the grid by the project multiplied by a baseline emissions ratio set in the project, which equals to 0,812 tCO₂/MWh.
 17. The data on the amount of electricity generated will be acquired from the electricity sale invoices.
 18. Data for invoices (kWh number) come from the primary measurement system, legalized in accordance with the appropriate standards.
 19. In case of malfunction of the primary measurement device, the readouts from the second, backup meter, registering generated energy in parallel in case of malfunction of the primary system, will be used.
 20. The primary source which allows the verification of information on the amount of energy supplied to the grid by the project is the invoiced electricity sales volume.
 21. In order to verify the amount of energy generated by a wind farm, there is a possibility of additional use of invoices issued by the wind park to recipients of the certificates of origin of green electricity.
 22. The form and layout of the monitoring report are determined in the decree of the Minister of the Environment of 10th November 2010 on the statement from monitoring and verification report on number of ERUs achieved by the JI project (Polish Journal of Laws no. 225, item 1472) – any possible change to the required layout and content of required information shall be verified against any changes by the Asset Manager before preparing of the monitoring report.
 23. Report relates to a period of no longer than 1 year and determines the amount of emission reductions and a corresponding amount of ERUs.
 24. Should additional emission of GHG occur due to the project realization this also should be noted and the amount should be calculated and recorded in monitoring report.

C. Corrective actions procedure for the Monitoring Plan

1. Aim of the procedure

The aim of the procedure is to ensure that in case of non-conformance or threat to the quality of actions resulting from the Monitoring Plan, an adequate corrective or preventive measures are undertaken to eliminate the cause of the non-conformance and threats, depending on the degree of the problem's importance and the occurring threats.

2. Subject of the procedure

The Procedure incorporates the course of conduct to be followed during implementation of the corrective (preventive) measures from the time of the non-conformance (threats to quality) ascertainment to the time of the documented confirmation of the effectiveness of the measures and implementation of possible changes to the quality system documentation.

3. Responsibility

Below there are listed responsibilities of the employees of WINDPARK SNIATOWO MANAGEMENT GMBH EW ŚNIATOWO SP.K.in connection with the procedure of corrective actions undertaken in the case of a breach of the Monitoring Plan:

3.1. Country Manager is responsible for:

- for managing of the whole monitoring process;
- supervision over the procedure of corrective actions;
- direct supervision over actions carried out by Asset Manager;
- review of notes in the Non-Conformance Report.

3.2. Asset Manager is responsible for:

- direct supervision over actions carried out by the person designated by WINDPARK SNIATOWO MANAGEMENT GMBH EW ŚNIATOWO SP.K. for managing the Project;
- supervision of correctness of the implementation actions encompassed by the corrective procedure within the scope of the Monitoring Plan;
- review of notes made within the scope of the Monitoring Plan in order to detect and eliminate non-conformance/threats to the effective performance of the Monitoring Plan.
- making notes in the Non-Conformance Report.

3.3. The person designated by WINDPARK SNIATOWO MANAGEMENT GMBH EW ŚNIATOWO SP.K. in order to manage the Project is obliged to carry out actions resulting from the Monitoring Plan and to report to the Asset Manager on established non-conformance or potential threat to the quality in the Monitoring Plan.

4. Course of action

4.1. Detection of a non-conformance or potential threat to the quality takes place usually via direct observations and perceptiveness and review of notes resulting from the Monitoring Plan:

- records of readings,
- reports from yearly reviews;
- verification reports,

Reporting of a non-conformance or threats to the quality is performed by the employee that detected it, by means of a verbal reporting on the cause to the direct supervisor.

4.2. Non-Conformance Analysis/ Threat to Quality

Asset Manager performs analysis of a non-conformance or threat and determines the cause of their arising. If consultation is required regarding the requirements, such consultation is carried out with the Country Manager and/or the Independent Verifier prior to drawing up the corrective actions.

4.3. Drawing up corrective/preventive actions program

Asset Manager draws up corrective/preventive actions by making an adequate note in the Non-Conformance Report.

4.4. Implementation of corrective/preventive actions

The person designated by WINDPARK ŚNIATOWO MANAGEMENT GMBH EW ŚNIATOWO SP.K. for managing the Project or the Asset Manager (depending on the corrective action) implements the corrective/preventive actions according to the Program. The designated person informs the Country Manager on the completion of the actions.

4.5. Examination of effectiveness of corrective/preventive actions

Upon implementation of the corrective/preventive actions, the Asset Manager shall examine the effectiveness of the undertaken action and makes an adequate note in the Non-Compliance Report.

D. Justification of the selected method of monitoring

In case of the wind farm project in Śniatowo an approved methodology for monitoring - ACM0002 "**Consolidated monitoring methodology for zero-emissions grid-connected electricity generation from renewable sources**" has been selected as a basis and some elements of the data quality management systems.

This methodology is applied to:

- projects aiming at increase of the electricity generation capacity from flow-through water power plants, hydropower plants with existing reservoirs where the capacity of the reservoir does not increase; sources of wind, geothermal springs, solar sources, wave and tidal sources;
- if the geographical boundaries of the analyzed electricity grid can be clearly defined, and information about the characteristics of the grid is available.

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Wind park project in Śniatowo meets the above mentioned criteria, and therefore it is appropriate to apply the above described method of monitoring.

ACM0002 monitoring methodology has been applied also because of its simplicity. This methodology does not require monitoring of complex variables. Only the output of electricity to the grid in this project must be monitored throughout the crediting period. The whole monitoring of the project will be just corroborating data from electricity sale invoices from the period of 12 months and multiplying the sum by the baseline emission factor of 0.812MgCO₂/MWh to produce resultant number of ERU achieved by the project.

Competences of the monitoring personnel are assured by WF Śniatowo procedure: "Procedures at employing a new employee – Asset management Department" dated 23 February 2012. It says, that every person assigned to calculation of avoided emissions should have a MS Excel and monitoring instruction training. O&M competences and needs are assured in O&M contracts of Windpark Sniatowo Management GmbH EW Śniatowo sp.k. with Vestas Poland.

Except of manual transposition errors, which are minimized through double check practice described in monitoring plan, and use of electricity sale invoices, which are under legal fiscal supervision in terms of consistency, as well as proper class and maintenance of the measuring equipment (legalizations routine) the whole project monitoring risk profile should be estimated as very low.