



JI DETERMINATION REPORT FORM

(version 02)

(to be completed by an AIE requesting the publication of a determination pursuant to paragraph 33 of the JI guidelines)

Accredited independent entity (AIE) submitting form: DNV Climate Change Services AS

Proposed JI activity

Reference number and title of proposed JI activity: 0246
Processing of waste heaps at Monolith-Ukraine

Host Party(ies): Ukraine

Parties involved in the JI activity: Ukraine
Netherlands

Coordinating entity (applicable to JI PoA only): N/A

Project participants: MONOLITH-UKRAINE LTD, Ukraine
Global Carbon BV, Netherlands

Type of JI activity: large scale small scale LULUCF PoA

Brief description of the JI activity

This Project is aimed at coal extraction from the mine's waste heaps near the Klenoviy village, Sverdlovsk district, Luhansk Region, Ukraine. This will prevent greenhouse gas emissions into the atmosphere during combustion of the heaps and will contribute an additional amount of coal, without the need for mining. The Project includes the installation of coal extraction units and the grading of the extracted coal. Extracted coal is then sold for heat and power production.

Therefore, in the project scenario the coal extracted from the waste heaps will partly substitute the coal from the mine, decreasing fugitive methane emissions, and reduce emissions GHG emissions due to waste heap combustion by extracting all of the combustible material from the waste heaps.

Brief summary of the history of the project: The project has been initiated in the early 2008. Project design has been completed by the end of 2008 and installation and construction works were initiated on 15th of January 2009. The operations at the facility have started on the 1st of January 2010. The JI was one of the drivers for the project from the start and financial benefits provided by the JI mechanism were considered as one of the reasons to start the project and are crucial in the decision to start the operations.

Determination report

Please confirm that all requirements of Article 6 of the Kyoto Protocol, the JI guidelines and further relevant requirements defined by the CMP or the JISC with regard to determinations pursuant to paragraph 33 of the JI guidelines are met:

Yes
 No

General information on determination

Please describe:

- > The scope of the determination process, including all documentation that has been reviewed and list the names of persons interviewed during the determination process, as applicable;
- > The AIE's determination team, including a list of all persons involved in the determination process and a description of the functions assumed.

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

guidance by the JI Supervisory Committee (JISC) including the Guidance on criteria for baseline setting and monitoring and the Determination and verification manual.

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

A first version of the PDD was submitted to the AIE by Global Carbon BV in February 2011 and was made publicly available in 23 February 2011. The first PDD version and additional background documents related to the project design and baseline were reviewed to verify the correctness, credibility and interpretation of the presented information, furthermore a cross-check between information provided and information from other sources have been done as initial step of the determination process. A complete list of all documents and proofs reviewed is provided as chapter 3.1 of the determination report. On 22 February DNV Climate Change Services AS performed interviews and physical site inspection with project stakeholders to confirm relevant information and to resolve issues identified in the first document review.

The on-site visit, the desk review comments and review of additional documents led to changes in the PDD, resulting in final version 03 of the PDD dated 31 August 2011.

Persons interviewed during the determination process:

- Denis Prusakov, Consultant, Global Carbon B.V
- Evgenij Altukhov, Deputy for Ukraine, Global Carbon B.V.
- Jurij Mikhailowitch Khlustin, general manager Monolith-Ukraine LTD
- Alexander Osnatch, commercial director, Monolith-Ukraine LTD
- Julia Olifirova, financial director, Monolith-Ukraine LTD
- Anatoli Konovalenko, production director, Monolith-Ukraine LTD

Determination team:

- | | | |
|---|---------------------|----------------|
| <input type="checkbox"/> Team leader (Determiner) | Vörös Mario | Czech Republic |
| <input type="checkbox"/> Assessor | Andrtová Zuzana | Czech Republic |
| <input type="checkbox"/> Assessor | Němeček Lumír | Czech Republic |
| <input type="checkbox"/> Assessor | Osadchiev Alexander | Russia |
| <input type="checkbox"/> Expert (TA8.1) | Faggin Mateo | Italy |
| <input type="checkbox"/> Technical reviewer, approver | Flagstad Ole | Norway |
| <input type="checkbox"/> TA8.1 input to TR | O'Toole Barbara | USA |

Description of determination process

Please briefly describe and refer to:

- The review of the JI PDD/PoA DD and additional documentation attached to it;
- The assessment against JI requirements, e.g. by using a determination protocol;
- The report of findings by the AIE, including the use of different types of findings (e.g. corrective action requests, clarifications or observations etc.).

Statements or assessments should be included in section "Conclusions, final comments and determination opinion".

The overall determination, from contract review to determination report & opinion, was conducted using DNV Climate Change Services AS internal procedures. The project assessment applies standard auditing techniques to assess the correctness of the information provided by the PPs.

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

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

The completed determination protocol is enclosed in Annex A to the determination report.

During the determination process, the team makes reference to the available information related to similar projects or technologies as the proposed JI Track-2 project activity. The documentation has also been reviewed against the approved methodology(s) applied with several adjustments to confirm the appropriateness of formulae and correctness of calculations.

The next step is a resolution of clarification and corrective action requests. The objective of this phase of the determination is to resolve the requests for corrective actions and clarifications and any other outstanding issues which needed to be clarified for DNV Climate Change Services AS conclusion on the project design. The forward action requests inform the project participants of the issues relating to the project implementation that need to be reviewed during the first verification of the project. The Corrective Action Requests (CARs) and Clarification requests (CLs) raised by DNV Climate Change Services AS were resolved during communication between the client and DNV Climate Change Services AS. To guarantee the transparency of the determination process, the concerns raised and responses that

have been given are documented in more detail in the determination protocol in Annex A. Finally a determination report is prepared.

The prepared determination report and other supporting documents then undergo an internal consistency and completeness check before submission to the JISC.

Comments received from Parties, stakeholders and UNFCCC accredited observers

Please:

- Summarise the comments received pursuant to paragraph 32 of the JI guidelines; and
- Provide a report of how due account was taken of these.

The PDD, version 1.1 of 28 November 2010 was made publicly available on JI website and Parties, stakeholders and observers were through the JI website invited to provide comments during a 30 days period from 23 February 2011 to 24 March 2011.

No comments were received.

Local Stakeholders were informed through the mass media about the proposed project as suggested by the State Construction Standard DBN A.2.2.-1-2. and information about this project was made public through the local newspaper "VPERED-Rovenky" on the 21 January 2008.

No comments were received.

Conclusions, final comments and determination opinion

Please provide:

- Conclusions describing how each of the requirements of Article 6 of the Kyoto Protocol and the JI guidelines and further relevant requirements defined by the CMP or the JISC, in particular those referred to in paragraph 33 of the JI guidelines, have been met, including assessments and findings (e.g. corrective action requests, clarifications or observations) related to each requirement, and statements on whether all issues raised have been addressed to the AIE's satisfaction;
- Final comments and a determination opinion.

DNV Climate Change Services AS (DNV) has performed a determination of the *Processing of waste heaps at Monolith-Ukraine* project in Ukraine. The determination was performed on the basis of UNFCCC criteria for the Joint Implementation and host country criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The review of the project design documentation and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfilment of stated criteria.

The host country is Ukraine and the sponsor country is Netherlands. Both countries fulfil the participation criteria. The project has been approved as well as project participants have been authorized by the national authorities of Ukraine (26 August 2011) and the Netherlands (4 July 2011). Letter of Endorsement for this project was issued by National Environmental Investments Agency of Ukraine, dated 14 December 2010.

By coal extraction from mine's waste heaps, the project results in reductions of CO₂ emissions that are real, measurable and give long-term benefits to the mitigation of climate change. It is demonstrated that the project is not a likely baseline scenario. Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity.

The project is expected to reduce approximately 587 211 tCO₂ over the 3 year crediting period from 2010-2012 with an annual reduction of 133 649 tCO₂ in 2010, 226 781 tCO₂ in 2011 and 2012. The operational equipment was completely new, its lifetime has been supposed as 15 years based on the physical expected depletion of the waste heaps that will be processed and so it will cover the first crediting period as well as the following period 2013 – 2024. The emission reduction forecast has been checked and it is deemed likely that the stated amount is achieved given that the underlying assumptions do not change.

Adequate training and monitoring procedures have been implemented.

In summary, it is DNV's opinion that the project, as described in the project design document version 03 of 31 August 2011, meets all relevant UNFCCC requirements for the JI.

List of documents attached to the determination report form

Please attach relevant documents used in the determination process and check mark below accordingly

✓ PDD/PoA DD of the proposed JI activity

- ✓ **Determination report**
- ✓ **Written approvals by the Parties involved, listed in the JI PDD/PoA DD**
- **Other relevant documents:**
 - ✓ **Determination protocol**
 - ✓ **List of persons interviewed**
 - ✓ **Any other documents (please list): NPV and ER calculations.**

The AIE herewith declares that undertaking the determination for the proposed JI activity referred to above does not constitute a conflict of interest which is incompatible with the role of an AIE

Authorized officer signing for the AIE

TONJE FOLKESTAD

Date and signature

12/9-11 Tonje Folkestad