



CABINET OF MINISTERS OF UKRAINE

D E C R E E

No. 206 dated February 22, 2006

Kyiv

On Approval of the Procedure of Drafting, Review, Approval and Implementation of Projects Aimed at Reduction of Anthropogenic Emissions of Greenhouse Gases

(title is restated by the Decree of the Cabinet of Ministers of Ukraine No. 718 dated August 20, 2008)

As amended by the Decrees of the Cabinet of Ministers of Ukraine
No. 392 dated April 17, 2008 and No. 718 dated August 20, 2008

The Cabinet of Ministers of Ukraine hereby **d e c r e e s**:

Approve the Procedure of Drafting, Review, Approval and Implementation of Projects Aimed at Reduction of Anthropogenic Emissions of Greenhouse Gases, Appended Hereto.

(purview is restated by the Decree of the Cabinet of Ministers of Ukraine No. 718 dated August 20, 2008)

Prime-Minister of Ukraine

Yu. Yekhanurov

APPROVED

by the Decree of the Cabinet of Ministers of Ukraine
No. 206 dated February 22, 2006

*(as restated by the Decree of the Cabinet of Ministers
of Ukraine No. 718 dated August 20, 2008)*

PROCEDURE
of Drafting, Review, Approval and Implementation
of Projects Aimed at Reduction of Anthropogenic Emissions of Greenhouse Gases

1. This Procedure shall set the scheme of drafting, review, approval and implementation of projects aimed at reduction of anthropogenic emissions of greenhouse gases (hereinafter - JI project) in accordance with the Article 6 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (hereinafter - Kyoto Protocol).

2. Terms used in this Procedure shall have the following meaning:

“verification” shall mean inspection and confirmation of reports on reduction of anthropogenic emissions of greenhouse gases as a result of JI project implementation, followed by issuing a verification report;

“installation owner” shall mean private entrepreneur or a legal person, the activity of which is not terminated due to liquidation, being in the process of financial rehabilitation or bankruptcy, which possesses or legally uses on the territory of Ukraine for the period of implementation of the JI project a workshop, assembly unit, apparatus or any other installation, operation of which causes greenhouse gases anthropogenic emissions;

“determination” shall mean examination of the project design documentation of the JI project with the purpose of inspection, analysis and quantitative assessment of the possible reduction of anthropogenic emissions of greenhouse gases, as well as correspondence of the above-mentioned project to the requirements established for the JI projects, followed by issuing a determination report;

“foreign state” shall mean Party included in the Annex B to the Kyoto Protocol, which meets the eligibility requirements in accordance with the Articles 5 and 7 of the Kyoto Protocol;

“contract” shall mean external economic contract or other bilateral agreement between an installation owner and a buyer according to which a buyer obtains the title to acquire the emission reduction units against payment;

“international procedure” shall mean procedure of implementation of JI project in accordance with the Decision of the First Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change serving as the Meeting of the Parties to the Kyoto Protocol (hereinafter - First Session of the Parties) and explanatory notes of the Joint Implementation Supervisory Committee (hereinafter – Supervisory Committee);

“international verifier” shall mean independent entity accredited by the Supervisory Committee and authorized for verification of JI project under international and national procedures;

“international determiner” shall mean independent entity accredited by the Supervisory Committee and authorized for determination of JI project under international and national procedures;

“national verifier” shall mean independent specialized entity authorized for verification of JI project under the national procedure;

“national determiner” shall mean independent expert entity authorized for determination of JI project under the national procedure;

“national procedure” shall mean procedure of implementing of JI project approved by the National Environmental Investment Agency of Ukraine (NEIA) in accordance with this Procedure;

“assigned amount units (parts) (AAUs)” shall mean carbon units which are individually marked with serial numbers and introduction of each of which certifies Ukraine’s right for greenhouse gases emissions equal to 1 metric ton of carbon dioxide equivalent, taking into account the quantitative restrictions for greenhouse gases emissions calculated in accordance with the Decision of the First Session of the Parties;

“emission reduction units (ERUs)” shall mean carbon units which are individually marked with adding assigned amount units (parts) of project identifier (registration number) to serial numbers and introduction of each of which certifies reduction of greenhouse gases emissions equal to 1 metric ton of carbon dioxide equivalent;

“buyer” shall mean legal or natural person of a foreign state who was opened an account with that state in its own register of carbon units for credit the acquired emission reduction units;

“project account” shall mean account of Ukraine in the National Electronic Register of Anthropogenic Emissions and Absorption of Greenhouse Gases (hereinafter - National Register), opened for depositing assigned amount units (parts) over the first commitment period of the Kyoto Protocol for the JI project implemented under the national procedure;

“installation owner account” shall mean account opened for an installation owner with the National Register to credit the emission reduction units acquired in the course of JI project implementation;

“carry over account” shall mean account of Ukraine in the National Register to which assigned amount units (parts) are credited to carry over for the next commitment period of the Kyoto Protocol and which was opened for implementing the JI project under the national procedure;

“commitment period reserve (CPR)” shall mean minimum number of assigned amount units (parts) which is to be blocked in the National Register for securing Ukraine’s commitments for quantitative restrictions and emission reductions during the first

commitment period of the Kyoto Protocol and calculated in accordance with the Decision of the First Session of the Parties;

“emission reductions” shall mean reduction of anthropogenic emission of greenhouse gases due to the purposeful activities of an installation owner.

3. An installation owner shall be entitled to implement JI project under international procedure, as well as under national procedure upon permission of NEIA.

In the course of JI project drafting, an installation owner shall draw up project idea note for reduction of anthropogenic emissions of greenhouse gases, receive a letter of endorsement, develop project design documentation, receive positive determination report, receive letter of approval from the NEIA and letter of approval from a foreign state, submit a duly approved JI project and a contract or a preliminary agreement for registration in the NEIA.

In order to receive emission reduction units, an installation owner shall implement a JI project in accordance with the approved project design documentation; submit an annual report to the NEIA including calculations of emission reductions achieved due to implementation of a mentioned project and verification report.

In case of JI project implementation under international procedure, determination of project design documentation shall be performed by an international determiner, the mentioned project shall be approved by the Supervisory Committee and the achieved emission reductions of greenhouse gases shall be verified by an international verifier.

In case of JI project implementation under national procedure, determination of project design documentation shall be performed by a national or an international determiner, the mentioned project shall be approved by the NEIA and the achieved emission reductions of greenhouse gases shall be verified by either a national or an international verifier.

Independent expert and specialized organizations shall acquire the status of national verifier and/or determiner after accreditation in the NEIA according to the procedure set by it. The list of national verifiers and determiners shall be approved by the Cabinet of Ministers of Ukraine.

4. For receiving a letter of endorsement, an installation owner or its authorized person shall submit to the NEIA an application, project idea note for emission reductions and accompanying documents.

The NEIA shall approve the application form, project idea note form, list of accompanying documents and requirements to their content and format.

Project idea note shall be prepared in Ukrainian and English and submitted in written form and on electronic media.

The NEIA shall review the documents submitted by an installation owner within 1 month and in case of adoption the positive decision, issues a letter of endorsement in Ukrainian and English. Where the NEIA refused to grant such letter to an installation owner, the NEIA shall inform an installation owner on that fact within 1 month in written form with explanation of reasons.

5. On the basis of a letter of endorsement an installation owner shall develop project design documentation in accordance with the requirements set by the NEIA and submit it for determination.

Project design documentation shall include:

the most probable forecast of anthropogenic emissions of greenhouse gases that would occur in the absence of JI projects (baseline);

confirmation that a JI project meets the requirements of Article 6 of the Kyoto Protocol;

emission reductions calculations;

JI project monitoring plan;

environmental impact assessment;

JI project financing plan.

Project design documentation and determination report shall be drawn up in Ukrainian and English in written form and on electronic media.

6. JI project, passed the procedure of national or international determination, shall be subject to approval by the NEIA in the way of issuing a corresponding letter.

In order to receive a letter of approval, an installation owner shall submit to the NEIA an application, determination report, project design documentation and accompanying documents.

The NEIA shall approve application form, list of accompanying documents and requirements to their content and format.

Where JI project implementation period is longer than the first commitment period of the Kyoto Protocol, an installation owner shall be entitled to submit to the NEIA an application on depositing the assigned amount units (parts) with the purpose to carry over them to the next commitment period of the Kyoto Protocol to the extent not exceeding the planned emission reductions. The NEIA shall approve the requirements to grounding the implementation period of such project.

The NEIA shall review the documents submitted by an installation owner within 1 month and in case of adoption of positive decision, issue a letter of approval in Ukrainian and English. Where the NEIA refused to grant such letter to an installation owner, the NEIA shall inform an installation owner on that fact within 1 month in written form with explanation of reasons.

7. Where the JI project is to be implemented under international procedure, the NEIA shall register contract (preliminary agreement) and open an account for an installation owner with the National Register on the basis of information on approval of mentioned project by the Supervisory Committee.

Where the JI project is to be implemented under national procedure, the NEIA shall confirm such project on the basis of a letter of approval from a foreign state, register contract

(preliminary agreement) and open an account for an installation owner with the National Register, as well as deposit assigned amount units (parts) to the project account and carry over account in the amount not exceeding planned emissions reduction where such depositing was envisaged in the letter of approval.

Depositing of assigned amount units (parts) constituting the commitment period reserve, shall be prohibited.

8. In the course of JI project implementation an installation owner shall be obliged to ensure the following:

sign agreement on verification before the commencement of the monitoring period and submit its copy to the NEIA within 15 days;

free access of the national or international verifier to an installation and documents (in paper and electronic media) of an installation owner, on the basis of which monitoring and further verification are held;

realization of monitoring plan in accordance with the project design documentation;

submission of annual report on greenhouse gases emissions (hereinafter - annual report) to the national or international verifier in a form approved by the NEIA not later than on April 5 of the following year;

submission of annual report and verification report to the NEIA in a form approved by the Supervisory Committee not later than on July 15 of the following year.

Annual reports and verification reports shall be drawn up in Ukrainian and English in written form and on electronic media.

The NEIA within 1 month shall hold an audit and register annual reports and verification reports. Since the annual report and verification report do not comply with the specified requirements, the registration may be denied.

9. The NEIA within 10 days on the grounds of the registered annual report and verification report shall perform:

transfer of a corresponding number of assigned amount units (parts), in particular from the commitment period reserve, to the installation owner account and their transformation into the emission reduction units where a project is implemented under international procedure;

transfer of a corresponding number of assigned amount units (parts) exclusively from a project account to an installation owner account and their transformation into the emission reduction units where a project is implemented under national procedure.

10. Upon request of installation owner, the NEIA shall perform electronic transfer of emission reduction units from an installation owner account with the National Register to the buyer account within 3 days term.

The NEIA shall refuse to perform an electronic transfer where:

there is no registered contract;

there is no correspondence of the mentioned transfer to the provisions of a registered contract;

there is no possibility to make such a transfer via International Transactions Log or there is no consent of a carbon units register operator (administrator) of a foreign state.

11. Emission reductions confirmed by an international verifier, achieved by an installation owner before the commencement of the first commitment period of the Kyoto Protocol due to JI project, approved in accordance with the established procedure, may be transferred by an installation owner to a buyer in the way of providing the electronic transfer of assigned amount units (parts) from Ukraine's account with the National Register to the account of a foreign state or its authorized buyer.

After adoption of a corresponding decision by the Cabinet of Ministers of Ukraine, the NEIA within 3 days shall provide with the electronic transfer of assigned amount units (parts) to the carbon units register of a foreign state. Transfer of assigned amount units (parts) from the commitment period reserve shall be prohibited.

12. Information on received letters of endorsement, letters of approval, determination, confirmation, registration and verification of the JI projects shall be made publicly available on the web-pages of the NEIA and Secretariat of the United Nations Framework Convention on Climate Change.

The NEIA and organizations, responsible for determination and verification of the JI projects, shall be held responsible for non-disclosure of commercial secrets and confidential information of installation owners. Information on JI project correspondence to the specified requirements and its environmental impact assessment cannot be considered as confidential and is subject to publication in the prescribed manner.

(Procedure is amended in accordance with the Decree of the Cabinet of Ministers of Ukraine No. 392 dated April 17, 2008 and restated in accordance with the Decree of the Cabinet of Ministers of Ukraine No. 718 dated August 20, 2008)