



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 Bureau Veritas Certification Holding SAS

Proposed JI activity

Reference number and title of proposed JI activity 0144 Slag usage and switch from wet to semi-dry process at Volyn-Cement, Ukraine.

Host Party(ies) Ukraine

Parties involved in the JI activity Germany
Netherlands

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

Project participants JSC Volyn-Cement
Dyckerhoff AG
Global Carbon BV

Type of JI activity: **large scale** **small scale** **LULUCF** **PoA**

Brief description of the JI activity

The project aims to significantly decrease the emissions of the first two sources (fossil fuel combustion and calcination) at Volyn-Cement Cement factory in Ukraine. Firstly, it is foreseen to increase the addition of non-carbonated raw material (slag) in the raw meal fed to the kilns. This reduces the emission due to the calcination process (subproject 1). Secondly, the project will decrease the emissions of fossil fuel combustion by changing the technology of cement production from a wet production process to a semi-dry production process (subproject 2). A new semi-dry kiln having capacity of 250 t/h will be installed and operate together with two existing wet kilns of 53 t/h.

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 Project Design Document (PDD) submitted by Global Carbon BV and additional background documents related to the project design and baseline, i.e. country Law, Guidelines for Completing the Project Design Document (JI-PDD), Approved methodology, Kyoto Protocol, Clarifications on Determination Requirements to be Checked by a Accredited Independent Entity were reviewed.

The documentation that has been reviewed is listed below:

- PDD version 1.0, dated: 24.12.07
- PDD version 1.5, dated: 30.01.08 (uploaded for comments)
- PDD version 1.6, dated: 16.07.08
- PDD version 1.7, dated: 28.08.08

- PDD version 1.8, dated: 01.09.08
- PDD version 1.9, dated: 22.10.08
- PDD version 2.0, dated: 05.12.09
- PDD version 3.0, dated: 11.02.10
- PDD version 4.0, dated: 18.02.10
- SD1 - Coal prices forecast , dated 1/09/08
- SD2 - European cement prices ref.10, dated 1/09/08
- SD3 - European cement prices ref. 11, dated 1/09/08
- SD4 - Emission Reduction calculations, dated 16/07/08
- SD4 - Emission Reduction calculations, dated 18/02/10
- SD5 - Cash flow calculations, dated 1/09/08
- SD6 - Combined margin in cement sector calculations for Ukraine, dated 1/09/08
- SD7 - Baseline kiln efficiency, dated 1/09/08
- SD8 - Capex Guideline, dated 1/09/08
- Slurry metering calibration procedure and approval in 2 files (scanned doc-s), dated 1/09/08
- Letter of endorsement of the JI project “Slag Usage of the switch from wet to semi-dry process at Volyn-cement, Ukraine” issued by the Ministry of Environment Protection of Ukraine # 12036/11/10-07 dated 08/11/2007
- Letter of approval JI project “Slag Usage of the switch from wet to semi-dry process at Volyn-cement, Ukraine” issued by the National Environmental Investment Agency of Ukraine Iss. 23.01.2009 # 49/23/7, Ref.#3257-VTG dated 27.11.2008
- Letter of approval JI project “Slag Usage of the switch from wet to semi-dry process at Volyn-cement, Ukraine” issued by the Federal Republic of Germany through Federal Environment Agency and German Emission Trading Authority Umweltbundesamt dated 23.06.2009
- Letter of approval JI project “Slag Usage of the switch from wet to semi-dry process at Volyn-cement, Ukraine” issued by the State of the Netherlands through Ministry of Economic Affairs and its Implementing Agency Senternovem, Reference 2009JI02, Date 13.05.2009

To address Bureau Veritas Certification corrective action and clarification requests, the project participants revised the PDD and as a response issued PDD versions from 1.6 dated 20/07/2008 to 1.9 dated 22/10/2008.

The determination findings presented in this report relate to the project as described in the PDD, versions 1.5, 1.9 and 2.0. As a result the final PDD version 3.0 dated 11.02.2010 was submitted for registration.

On 19/05/2008 Bureau Veritas Certification performed interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review, also clarification and corrective action requests were discussed. Representatives of Global Carbon BV and Volyn-cement were interviewed as informed below:

Mr.Lennard de Klerk – general director of Global Carbon
 Mr. Petro Vorobey –technical director of Volyn-cement
 Mr. Stanislav Lukin – financial director of Volyn-cement
 Mr. Roman Naumenko – chief of environmental department at Volyn-cement
 Mr. Anatoly Terlyga – chief technologist at Volyn-cement
 Dr. Otto Lose – Country manager for Ukraine at Dyckerhoff AG

On 10.02.2010 Bureau Veritas Certification performed interview with the Global Carbon representative Mr. Alexey Doumik to discuss changes made in the PDD version 2.0 dated 05.12.2009 and to determine them.

Determination team:

Claudia Freitas, Team Leader, Lead Verifier
 Ivan Sokolov, Team member, Verifier
 Flavio Gomes, Internal reviewer

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 Bureau Veritas Certification internal procedures.

In order to ensure transparency, a determination protocol was customized for the project, according to the Determination and Verification Manual (IETA/PCF). 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 determinator will document how a particular requirement has been validated and the result of the determination.

The determination protocol consists of five tables.

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

The determination findings for each determination subject are presented as follows:

- 1) The findings of the desk review of the original project design documents and the findings from interviews during the follow up visit are summarized. A more detailed record of these findings can be found in the Determination Protocol in Appendix A.
- 2) Where Bureau Veritas Certification had identified issues that needed clarification or that represented a risk to the fulfilment of the project objectives, a Clarification or Corrective Action request, respectively, have been issued. The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Determination Protocol in Appendix A.

The conclusions for determination subject are presented.

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.

There are no comments from stakeholders.

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.

Bureau Veritas Certification has performed a determination of the Slag Usage and switch from wet to semi-dry process at Volyn-Cement, Ukraine.

The determination was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The determination consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) the resolution of outstanding issues and the issuance of the final determination report and opinion. The first output of the determination process is a list of Clarification and Corrective Actions Requests (CL and CAR), presented in Appendix A. Taking into account this output, the project proponent revised its project design document.

Project participant/s used the latest tool for demonstration of the additionality. In line with this tool, the PDD provides sufficient evidences to demonstrate that the project is additional.

An analysis of the investment and technological barriers demonstrates that the proposed project activity 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. Given that the project is implemented and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

The review of the project design documentation and the subsequent follow-up interviews have provided Bureau Veritas Certification with sufficient evidence to determine the fulfillment of stated criteria. In our opinion, the project correctly applies and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria, pending approval from the involved parties.

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

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): cash flow calculations, emission reductions 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

Ivan Sokolov



Date and signature

19.02.2010