



DETERMINATION REPORT VEJO GUSIS, UAB

DETERMINATION OF THE GRIEZPELKIU WIND POWER PARK JOINT IMPLEMENTATION PROJECT

REPORT No. LITHUANIA-DET/0002/2010

REVISION No. 03

BUREAU VERITAS CERTIFICATION

DETERMINATION REPORT

Date of first issue: 03/03/2010	Organizational unit: Bureau Veritas Certification Holding SAS
Client: Vejo gusis, UAB	Client ref.: Egidijus Simutis, director general

Summary:

Bureau Veritas Certification has made the determination of the Griezpelkiu Wind Power Park Joint Implementation Project of Vejo gusis, UAB located at Taurage district near the Griezpelkiu village, Lithuania, on the basis of UNFCCC criteria for the JI, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

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

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

In summary, it is Bureau Veritas Certification's opinion that the project will meet the relevant UNFCCC requirements for the JI and the relevant host country criteria when Letter or Approval will be issued by Lithuania DFP.

Report No.: LITHUANIA-DET/0002/2010	Subject Group: JI
Project title: Griezpelkiu Wind Power Park Joint Implementation Project project	
Work carried out by: Team Leader : Ashok Mammen Team Member : Tomas Paulaitis Team Member, Financial specialist: Gediminas Vaskela	
Work verified by: Internal technical reviewer: Ivan Sokolov	
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Indexing terms

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

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Abbreviations change / add to the list as necessary

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



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Appendix A: Determination Protocol

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1 INTRODUCTION

Vejo gusis, UAB has commissioned Bureau Veritas Certification to determinate its JI project Griezpelkiu Wind Power Park Joint Implementation Project project (hereafter called “the project”) at Taurages district near the Griezpelkiu village, Lithuania.

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

1.1 Objective

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

UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Executive Board, as well as the host country criteria.

1.2 Scope

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

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

1.3 GHG Project Description

Griezpelkiu wind power park would displace carbon intensive electricity produced from fossil fuel sources in the AB Lietuvos Elektrine. It is foreseen to install 5 wind power plants with the total capacity of 10,0 MW (2MW x 5). Wind turbines Power Park will be manufactured, installed, adjusted and set into action by Enercon GmbH staff. After Wind Park's commissioning it is planned to sign additional agreement on turbines

maintenance between companies. The Wind power park, in a conservative approach, will generate about 31,7 GWh of electric power per year. Such wind park's generation will lead 19855 tCO₂/year emission reductions on Lietuvos Elektrine side.

1.4 Determination team

The determination team consists of the following personnel:

Ashok Mammen, PhD
Bureau Veritas Certification Team Leader, Climate Change Verifier

Tomas Paulaitis, M.Sci
Bureau Veritas Certification Team member, Climate Change Verifier

Gediminas Vaskela
Bureau Veritas Certification Team member, financial specialist

Ivan Sokolov
Bureau Veritas Certification, Internal reviewer

2 METHODOLOGY

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

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

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

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

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



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

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

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



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

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

Figure 1 Determination protocol tables

2.1 Review of Documents

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

To address Bureau Veritas Certification corrective action and clarification requests Vejo gusis, UAB revised the PDD (version 3).

The determination findings presented in this report relate to the project as described in the PDD version 02, submitted on 9 November 2009.

2.2 Follow-up Interviews

On 16/12/2009 Bureau Veritas Certification performed interviews with representatives of Vejo gusis, UAB project stakeholders to confirm selected information and to resolve issues identified in the document review. At the same time, representatives of Taurage municipality were interviewed (see References). The main topics of these interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
Vejo gusis, UAB	➤ PDD, monitoring plan, stakeholder comments, investment analysis
Taurage municipality	➤ Project approval by local authorities, stakeholder comments

2.3 Resolution of Clarification and Corrective Action Requests

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

PDD version 2 has been made publically available for the consultation by global stakeholders on the JISC website on 12/11/2009.

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

3 DETERMINATION FINDINGS

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

- 1) The findings from the desk review of the original project design documents and the findings from interviews during the follow-up visit are summarized. A more detailed record of these findings can be found in the Determination Protocol in Appendix A.
- 2) Where Bureau Veritas Certification had identified issues that needed clarification or that represented a risk to the fulfillment of the project objectives, a Clarification or Corrective Action Request, respectively, have been issued. The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Determination Protocol in Appendix A. The determination of the Project resulted in 11 Corrective Action Requests and 17 Clarification Requests. A determination protocol was sent to

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Vejo Gusion on 29/12/2009. The most of the CAR's and CL's were resolved by adjustments in the PDD version 3 and by providing additional information regarding investment analysis (12/01/2010).
3) The conclusions for Vejo gusion, UAB are presented.

3.1 Project Design

3.1.1 Findings

The project reflects a standard wind park with modern state-of-the-art turbines. It is not likely that the project technology might be substituted by significant better technologies within the project period. The main infrastructure building work (roads, reconstruction of substation, laying down the power cables) is planned on 06-07/2010. Installation of the wind turbines is planned on 08-09/2010 and commissioning on 10/2010.

The wind park calculations done by Enercon were presented. The estimated production of electricity corresponds to the estimated production in the PDD (31718 MW/h year).

The PDD does not provide provisions for meeting trainings, because Vejo gusion, UAB does not have technical personnel. All daily operation work will be subcontracted to Enercon.

Lithuania is Annex 1 party and ratified the Kyoto protocol on 03 January 2003. The Ministry of Environment is the designate national focal point for Lithuania and Lithuania JI Guidelines are published on the UNFCCC website. The letter of approval is issued by Ministry of Environment of the Republic of Lithuania on 19/06/2010.

Issued CARs/CRs

CAR 1 and CL 1-3 were issued, related information is documented in more detail in the determination protocol in Appendix A.

3.1.3 Conclusion

Bureau Veritas confirms that:

- CAR 1 and CL 1-3 has been resolved efficiently;
- The PDD (version 3) is in conformity with requirements to the project design.

3.2 Baseline and Additionality

3.2.1 Findings

The Griezpelkiu wind power park project baseline is established according to methodology used by the Lithuanian Ministry of Environment to allocate allowances for JI projects in the National Allocation Plan for greenhouse gas emission allowances for the period 2008 to 2012. The same baseline

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was chosen in the similar PDD of the “Liepyne Wind Power Park Joint Implementation Project” (Reg. No. 0178).

CDM ACM0002 methodology is not used for the baseline calculation due to the following reasons:

- Lietuvos Elektrine, power plant with the second largest installed capacity in Lithuania (after Ignalina nuclear power plant –INPP) is operating on the power grid as a marginal plant. It covers all power demand which is remaining after all other power producers have supplied their quota power to the grid. Hence, simply including all these power plants operating on the grid (excl. INPP) would bias the Operating Margin emissions factor.
- There is an overcapacity of installed power in Lithuania, so only very few new power plants are built. Because of that, it is impossible to calculate properly the Build Margin emissions factor.

The possible alternative baseline scenarios are the following:

- (a) Proposed project activity without JI;
- (b) The electric power in the Lithuanian network will be produced by new modern cogeneration power plants.

The baseline options considered do not include those options that:

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

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

Initially, the project proponent had chosen investment comparison analysis (Option II). This point of view was not adopted by the verifying team because alternative “b” is based on investment that is out of control of the Project developer, i.e. the project could be developed by a different entity (as described in paragraph 15 in the Annex to the Tool for the demonstration and assessment of additionality Ver.5.02), and therefore CAR 2 was raised. To resolve this CAR revised PDD version 3 was issued, where benchmarking analysis (option III) is used instead of investment analysis.

In order to apply a benchmark comparable to the project IRR the project developer selected to use average value of the interest rate (AVIR) on loans for non-financial corporations published by the central Bank of Lithuania (LB). The AVIR is the benchmark interest rate at which Lithuanian commercial banks and other financial institutions (unions, funds and etc.) lend money to their customers.



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Additional revenues from ERUs sale increase project IRR to 5,46 %. The sensitivity analysis also confirms the fact that the project is not financially attractive enough and revenues from ERUs sale give the chance to improve its financial figures.

3.2.2 Issued CARs/CRs

Additionally to major CAR 2 described above, also CAR's 3-9 and CL's 4-14 were issued. Related information is documented in more detail in the determination protocol in Appendix A.

3.2.3 Conclusion

Bureau Veritas confirms that:

- CARs 3-9 and CL's 4-14 have been resolved efficiently;
- The PDD (version 3) is in conformity with requirements to the baseline and additionality.

3.3 Monitoring Plan

3.3.1 Findings

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

3.3.2 Issued CARs/CRs

None.

3.3.3 Conclusion

Bureau Veritas confirms that PDD (version 3) is in conformity with requirements to the monitoring plan.

3.4 Calculation of GHG Emissions

3.4.1 Findings

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

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

The baseline emissions are calculated as following:

$$BE = EVP \times EF_{LE}$$

Where,

BE = Baseline emissions in year x (tCO₂)

E_{VP} = Net Electricity supplied to the grid by the project during period X (MWh)

EF_{LE} = Emission factor of the power plants of AB Lietuvos Elektrine (0,626 tCO₂/MWh).

The project does not lead to any leakage.

The estimated annual average of approximately 44675 tCO₂e over the crediting period of emission reduction represents a reasonable estimation using the assumptions given by the project.

3.4.2 Issued CARs/CRs

None.

3.4.3 Conclusion

Bureau Veritas confirms that the PDD (version 3) is in conformity with requirements to the calculation of GHG emissions.

3.5 Environmental Impacts

3.5.1 Findings

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

According to the Communications No (9.14.5.)-LV4-7027 of Klaipeda Regional Department of Environment of Lithuanian Ministry of environment of 18 November 2008 the conclusion concerning the environmental impact of the planned economic activity was drawn that the environmental impact assessment of the planned economic activity – installation and maintenance of wind power plants – is not required.

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

3.5.2 Issued CARs/CRs

None.

3.5.3 Conclusion

Bureau Veritas confirms that the PDD (version 3) and Project is in conformity with requirements to the analysis of environmental impacts.

3.6 Comments by Local Stakeholders

3.6.1 Findings

The conducted stakeholder process is sufficiently described in PDD, section G.1. Stakeholder consultation process was carried out according to the national legislation.

While preparing the detailed plans, compulsory public consideration procedures were undertaken where all stakeholders may participate. The list of these procedures and Compulsory written agreements of residents in surrounding areas were obtained during the process of detailed planning and technical project preparation. Stakeholders have not expressed any objections. The detailed plan of the project was approved on 22/10/2009.



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3.6.2 Issued CARs/CRs

None.

3.6.3 Conclusion

Bureau Veritas confirms that the PDD (version 3) and the Project are in conformity with requirements to stakeholder process.

4 COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

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

Bureau Veritas Certification published the project documents on the UNFCCC JI website (<http://JI.unfccc.int>) on 12/11/2009 and invited comments within 11/12/2009 by Parties, stakeholders and non-governmental organizations.

No comments were received.

5 DETERMINATION OPINION

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

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

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

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

The review of the project design documentation (version 4) 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 applied and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria.

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

6 REFERENCES

Category 1 Documents:

Documents provided by Vejo Gusion, UAB that relate directly to the GHG components of the project.

- /1/ Project Design Document, version 2, 9 November 2009
- /2/ Project Design Document, version 3, 9 April 2010
- /3/ Project Design Document, version 4, 23 July 2010
- /4/ Excel sheet for financial IRR calculation, version 1, 03 November 2009
- /5/ Excel sheet for financial IRR calculation, version 3, 14 January 2010

Category 2 Documents:

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

- /1/ Annual energy production estimations, made by Enercon GmbH, July 2007
- /2/ Lithuanian's national allocation plan for greenhouse gas emission allowances for the period 2008 to 2012
- /3/ Permit to enhance the energy generation capacity No. LP-0181, 20/11/2008
- /4/ Decision of the board of Taurage Municipality regarding the approval of the Project detailed plan, 22/10/2009
- /5/ Communications No (9.14.5.)-LV4-7027 of the Klaipeda Regional Department of Environment of the Lithuanian Ministry of Environment of 18/11/2008 (the conclusion, concerning the environmental impact of the planned economic activity)
- /6/ The letter of Endorsement issued by Lithuania Ministry of Environment on 19 February 2009
- /7/ The letter of approval issued by Ministry of Environment of the Republic of Lithuania on 19 June 2010



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Persons interviewed:

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

- /1/ Egidijus Simutis – general director, Vejo gusis, UAB
- /2/ Rolanda Sukiene – finance director, Vejo gusis, UAB
- /3/ Sarune Beitaite – chief architect, Taurage municipality

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APPENDIX A: JI PROJECT DETERMINATION PROTOCOL

Table 1 Mandatory Requirements for Joint Implementation (JI) Projects

REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference to this protocol
1. The project shall have the approval of the Parties involved	Kyoto Protocol Article 6.1 (a)	<p>According to the Lithuanian National Joint Implementation Project development rules the final Project approval might be issued only after the Project determination report submission to the Lithuanian DFP. The letter of Endorsement was issued on 19 February 2009.</p> <p>The letter of approval from Lithuania was issued by Ministry of Environment of the Republic of Lithuania on 19 June 2010.</p> <p>The approval from the investor country will be compulsory for first monitoring report verification.</p>	Table 2, Section A.5
2. Emission reductions, or an enhancement of removal by sinks, shall be additional to any that would otherwise occur	Kyoto Protocol Article 6.1 (b)	See related CAR's and CL's in Table 2 below.	Table 2, Section B



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REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference to this protocol
3. The sponsor Party shall not acquire emission reduction units if it is not in compliance with its obligations under Articles 5 & 7	Kyoto Protocol Article 6.1 (c)	O.K.	
4. The acquisition of emission reduction units shall be supplemental to domestic actions for the purpose of meeting commitments under Article 3	Kyoto Protocol Article 6.1 (d)	O.K.	
5. Parties participating in JI shall designate national focal points for approving JI projects and have in place national guidelines and procedures for the approval of JI projects	Marrakech Accords, JI Modalities, §20	Lithuania have indicated designated national focal point and published national JI guidelines on JI website. The Ministry of Environment is the designate national focal point for Lithuania.	
6. The host Party shall be a Party to the Kyoto Protocol	Marrakech Accords, JI Modalities, §21(a)/24	Lithuania is Annex 1 party and has ratified the Kyoto protocol on 03 January 2003.	
7. The host Party's assigned amount shall have been calculated and recorded in accordance with the modalities for the accounting of assigned amounts	Marrakech Accords, JI Modalities, §21(b)/24	O.K.	
8. The host Party shall have in place a national registry in accordance with Article 7, paragraph 4	Marrakech Accords, JI Modalities,	The national registry was established on 14 November 2005 and is under the	



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REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference to this protocol
	§21(d)/24	supervision of the Lithuanian Environmental Investment Fund (LAAIF).	
9. Project participants shall submit to the independent entity a project design document that contains all information needed for the determination	Marrakech Accords, JI Modalities, §31	The first PDD (Version 01) was submitted to Bureau Veritas on November 2009. As a result of checking the PDD completeness it was revised to Version 02 and now contains all information needed for the determination.	
10. The project design document shall be made publicly available and Parties, stakeholders and UNFCCC accredited observers shall be invited to, within 30 days, provide comments	Marrakech Accords, JI Modalities, §32	Version 02 was published on JISC website on 12 November 2009.	
11. Documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts, in accordance with procedures as determined by the host Party shall be submitted, and, if those impacts are considered significant by the project participants or the Host Party, an environmental impact assessment in accordance with procedures as required by the Host Party shall be carried out	Marrakech Accords, JI Modalities, §33(d)	The environmental impact assessment of the planned economic activity – installation and maintenance of the wind power plant - is not required. This conclusion was drawn and reasoned by the Klaipeda Regional Department of Environment of the Lithuanian Ministry of Environment on 18 November 2008.	Table 2, Section F



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REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference to this protocol
12. The baseline for a JI project shall be the scenario that reasonably represents the GHG emissions or removal by sources that would occur in absence of the proposed project	Marrakech Accords, JI Modalities, Appendix B	The baseline is the scenario that reasonably represents the GHG emissions that would occur in absence of the proposed project.	Table 2, Section B
13. A baseline shall be established on a project-specific basis, in a transparent manner and taking into account relevant national and/or sectoral policies and circumstances	Marrakech Accords, JI Modalities, Appendix B	The baseline is established acceptably.	Table 2, Section B
14. The baseline methodology shall exclude to earn ERUs for decreases in activity levels outside the project activity or due to force majeure	Marrakech Accords, JI Modalities, Appendix B	There are no requests to earn such ERUs in the baseline methodology.	Table 2, Section B
15. The project shall have an appropriate monitoring plan	Marrakech Accords, JI Modalities, §33(c)	There is an appropriate monitoring plan in place, see Table 2.	Table 2, Section D
16. A project participant may be: (a) A Party involved in the JI project; or (b) A legal entity authorized by a Party involved to participate in the JI project.	Glossary of Joint Implementation Terms, Version 01	Vejo gusis, UAB (legal entity) is a project participant.	Table 2, Section A

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Table 2 Requirements Checklist

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
A. General Description of the project					
A.1 Title of the project					
A.1.1. Is the title of the project presented?		DR	The title "Griezpelkiu Wind Power Park Project" is presented.	O.K.	O.K.
A.1.2. Is the current version number of the document presented?		DR	The current version is presented (version 02).	O.K.	O.K.
A.1.3. Is the date when the document was completed presented?		DR	The PDD Version 02 was completed on 05 November 2009.	O.K.	O.K.
A.2. Description of the project					
A.2.1. Is the purpose of the project included?		DR I	The description of the project activity is described in a clear and transparent manner, by explaining how greenhouse gas emissions will be reduced. It is planned to install 5 wind power plants with the total capacity of 10 MW (2MW x 5).	O.K.	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
A.2.2. Is it explained how the proposed project reduces greenhouse gas emissions?		DR	The wind park calculations done by Enercon were presented. The estimated production of electricity is not corresponds to the estimated production in the PDD. <u>Clarification action request:</u> Please provide evidences that estimated annual production of 31,7 GWh is confirmed by Enercon experts. Please take attention that in PDD page 6 estimated annual production is 32,7 GWh.	CL1	O.K.
			<u>Clarification action request:</u> Information regarding total installed wind power capacity in Lithuania (54,4 MW) is not updated (provided 2008 year data).	CL2	O.K.
A.3. Project participants					
A.3.1. Are project participants and Party(ies) involved in the project listed?		DR	All known relevant project participants and Parties are listed in the PDD Table 1.	O.K.	O.K.
A.3.2. Are project participants authorized by a Party involved?		DR	Project participants has not been authorized by a Party(ies) yet, see CAR1 below.	CAR1	O.K.
A.3.3. The data of the project participants are presented in tabular format?		DR	All the data of the project participants are presented.	O.K.	O.K.
A.3.4. Is contact information provided in annex 1 of the PDD?		DR	Contact information is provided.	O.K.	O.K.
A.3.5. Is it indicated, if it is the case, if the Party involved is a host Party?		DR	The host party is Lithuania, this is indicated in PDD.	O.K.	O.K.



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A.4. Technical description of the project					
A.4.1. Location of the project activity					
A.4.1.1. Host Party(ies)		DR	Lithuania is indicated as a host party.	O.K.	O.K.
A.4.1.2. Region/State/Province etc.		DR	See CL3 below		O.K.
A.4.1.3. City/Town/Community etc.		DR	See CL3 below		O.K.
A.4.1.4. Detail of the physical location, including information allowing the unique identification of the project. (This section should not exceed one page)		DR	Clarification action request: Please explain why details of physical location (PDD sections A.4.1.2, A.4.1.3, A.4.1.4) are not in accordance with "Land plot detailed plan", approved by local municipality on 22 October 2009?	CL3	O.K.
A.4.2. Technology(ies) to be employed, or measures, operations or actions to be implemented by the project					
A.4.2.1. Does the project design engineering reflect current good practices?		DR	The project reflects a standard wind park with new equipment.	O.K.	O.K.
A.4.2.2. Does the project use state of the art technology or would the technology result in a significantly better performance than any commonly used technologies in the host country?		DR	This project is approximately of the same technology level to compare with other wind parks already operating in Lithuania.	O.K.	O.K.
A.4.2.3. Is the project technology likely to be substituted by other or more efficient technologies within the project period?		DR	It is not likely that the project technology might be substituted by better technologies within the project period.	O.K.	O.K.
A.4.2.4. Does the project require extensive initial training and maintenance efforts in order to work as presumed		DR	It is planned that the operation and maintenance work will be done by Enercon	O.K.	O.K.



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during the project period?			that will have an agreement on such services with Vejo gusis, UAB.		
A.4.2.5. Does the project make provisions for meeting training and maintenance needs?		DR	The PDD does not provide provisions for meeting trainings, because Vejo gusis, UAB does not have technical personnel. All daily operation work will be subcontracted to Enercon.	O.K.	O.K.
A.4.3. Brief explanation of how the anthropogenic emissions of greenhouse gases by sources are to be reduced by the proposed JI project, including why the emission reductions would not occur in the absence of the proposed project, taking into account national and/or sectoral policies and circumstances					
A.4.3.1. Is it stated how anthropogenic GHG emission reductions are to be achieved? (This section should not exceed one page)		DR	It is stated clearly that GHG emission reductions will be achieved by displacing carbon intensive electricity production from fossil fuel sources with the production produced by the wind power plant.	O.K.	O.K.
A.4.3.2. Is it provided the estimation of emission reductions over the crediting period?		DR	The estimation of emission reductions is provided over all the crediting period (PDD Table 6)	O.K.	O.K.
A.4.3.3. Is it provided the estimated annual reduction for the chosen credit period in tCO ₂ e?		DR	See above A.4.3.2.	O.K.	O.K.
A.4.3.4. Are the data from questions A.4.3.2 to A.4.3.4 above presented in tabular format?		DR	See above A.4.3.2.	O.K.	O.K.
A.5. Project approval by the Parties involved					
A.5.1. Are written project approvals by the Parties involved attached?		DR	Written project approvals are not attached.	CAR1	O.K.



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			<p>According to Lithuanian JI guidelines the final Project approval might be issued only after the Project determination report submission to the Lithuanian DFP. The letter of Endorsement was issued on 19 February 2009.</p> <p><u>Corrective action request:</u> Please submit LoA from the Parties involved.</p>		
B. Baseline					
B.1. Description and justification of the baseline chosen					
B.1.1. Is the chosen baseline described?		DR	The chosen baseline is described in detail.	O.K.	O.K.
B.1.2. Is it justified the choice of the applicable baseline for the project category?		DR	The chosen baseline and baseline emission factor are based on methodology used by the Lithuanian Ministry of Environment to allocate allowances for JI projects in the National Allocation Plan for greenhouse gas emission allowances for the period 2008 to 2012. The same baseline was chosen in the similar PDD of the "Liepyne Wind Power Park Joint Implementation Project" (Reg. No. 0178).	O.K.	O.K.
B.1.3. Is it described how the methodology is applied in the context of the project?		DR	The description how the methodology is applied in the context of the project is	O.K.	O.K.



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			acceptable.		
B.1.4. Are the basic assumptions of the baseline methodology in the context of the project activity presented (See Annex 2)?		DR	See B.1.2 above.	O.K.	O.K.
B.1.5. Is all literature and sources clearly referenced?		DR	All data sources are clearly referenced (PDD section B1 Table).	O.K.	O.K.
B.2. Description of how the anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the JI project					
B.2.1. Is the proposed project activity additional?		DR	Version 05.2 of the CDM tool for the demonstration and assessment was used. However, additionality is not proven correctly, see CAR's and CL's below in table sections 1. Additionality of the project activity <i>and</i> 2. Investment analysis.		O.K.
1. Additionality of a project activity					
a. Does the PDD state the latest version of the additionality tool being used?			The latest methodological tool "Tool for the demonstration and assessment of additionality (version 05.2)" was used.	O.K.	O.K.
b. Has the tool used the following steps to assess additionality 1. Identification of alternatives to the project activity 2. Investment analysis to determine that the proposed project activity is either: 1) not the most economically or financially attractive, or 2) not economically or	Ver 05.2	DR	The tool has used all steps required by "Tool for the demonstration and assessment of additionality (version 05.2)".	O.K.	O.K.



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financially feasible 3. Barriers analysis; and 4. Common practice analysis.					
c. In Step 1 have all the sub-steps as below followed 1. Sub-step 1a: Define alternatives to the project activity 2. Sub-step 1b: Consistency with mandatory laws and regulations	Ver 05.2	DR	Alternatives to the project activity have been defined: - Alternative A: the proposed project activity is not undertaken as JI project activity; - Alternative B: the electric power in the Lithuanian network will be produced by new modern cogeneration power plants. Both alternatives are in compliance with mandatory laws.	O.K.	O.K.
d. Have the following alternatives been included while defining alternatives as per sub-step 1a 1. (a) The proposed project activity undertaken without being registered as a JI project activity 2. (b) Other realistic and credible alternative scenario(s) to the proposed JI project activity scenario that deliver outputs services or services with comparable quality, properties and application areas, taking into account, where relevant, examples of scenarios identified in the underlying methodology 3. (c) If applicable, continuation of the current situation (no project activity or other alternatives undertaken).	Ver 05.2	DR	See the row above. Continuation of the current situation is not applicable, because it is a "green field" project.	O.K.	O.K.
e. Has the project participant included the technologies or	Ver	DR	New modern cogeneration power plants are	O.K.	O.K.



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practices that provide outputs or services with comparable quality, properties and application areas as the proposed JI project activity and that have been implemented previously or are currently being introduced in the relevant country/region.	05.2		comparable with the proposed JI project activity and are being introduced in Lithuania (Panevezys CHP).		
f. Has the outcome of Step 1a: Identified realistic and credible alternative scenario(s) to the project activity done correctly? Please briefly mention the outcome.	Ver 05.2	DR	See e) above.	O.K.	O.K.
g. Is the alternative(s) in compliance with all mandatory applicable legal and regulatory requirements, even if these laws and regulations have objectives other than GHG reductions, e.g. to mitigate local air pollution.	Ver 05.2	DR	The construction of the cogeneration power plant is not in contradiction with legal requirements when the requirements of law are met, e.g. air pollution.	O.K.	O.K.
h. If an alternative does not comply with all mandatory applicable legislation and regulations, has it been shown that, based on an examination of current practice in the country or region in which the law or regulation applies, those applicable legal or regulatory requirements are systematically not enforced and that noncompliance with those requirements is widespread in the country.	Ver 05.2	DR	Not applicable.	O.K.	O.K.
i. Has the outcome of Step 1b identified realistic and credible alternative scenario(s) to the project activity that are in compliance with mandatory legislation and regulations taking into account the enforcement in the region or country and EB decisions on national and/or sectoral policies and regulations done correctly? Please state the outcome.	Ver 05.2	DR	Alternative scenarios to the project activity have been defined: <ul style="list-style-type: none"> - Alternative A: the proposed project activity is not undertaken as JI project activity; - Alternative B: the electric power in the Lithuanian network will be produced by new modern cogeneration power plants. 	O.K.	O.K.



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j. Has PP selected Step 2 (Investment analysis) or Step 3 (Barrier analysis) or both Steps 2 and 3.)	Ver 05.2	DR	Step 2 (Investment analysis) has been selected.	O.K.	O.K.
k. In step 2 have all the sub-steps as below followed? 1. Sub-step 2a: Determine appropriate analysis method 2. Sub-step 2b: Option I. Apply simple cost analysis 3. Sub-step 2b: Option II. Apply investment comparison analysis 4. Sub-step 2b: Option III. Apply benchmark analysis 5. Sub-step 2c: Calculation and comparison of financial indicators (only applicable to Options II and III): 6. Sub-step 2d: Sensitivity analysis (only applicable to Options II and III):	Ver 05.2	DR	Step 2 has all sub-steps for investment comparison analysis (Option II). However, Option III should be used, see CAR2 below.		O.K.
i. In sub-step 2a has the determination of appropriate method of analysis done as per the guidance as below 1. Simple cost analysis if the JI project activity and the alternatives identified in Step 1 generate no financial or economic benefits other than JI related income (Option I). 2. Otherwise, use the investment comparison analysis (Option II) or the benchmark analysis (Option III). Specify option used with justification	Ver 05.2	DR	Investment comparison analysis (Option II) was used. <u>Corrective action request:</u> Option III (benchmark analysis) should be used because alternative “B” is based on investment that is out of control of the Project developer, i.e. the project could be developed by a different entity (as described in paragraph 15 in the Annex to the Tool for the demonstration and assessment of additionality Ver.5.02).	CAR2	O.K.
m. Has the below guideline followed for sub-step 2b Option I. Apply simple cost analysis 1. Document the costs associated with the CDM project	Ver 05.2	DR	Not applicable.	O.K.	O.K.



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activity and the alternatives identified in Step1 and demonstrate that there is at least one alternative which is less costly than the project activity.					
n. Has the below guideline followed for sub-step 2b Option II. Apply investment comparison analysis 1. Identify the financial indicator, such as IRR, NPV, cost benefit ratio, or unit cost of service most suitable for the project type and decision-making context. Please specify	Ver 05.2	DR	See CAR2 above.		O.K.
o. Has the below guideline followed for Sub-step 2b: Option III. Apply benchmark analysis 1. Identify the financial/economic indicator, such as IRR, most suitable for the project type and decision context. 2. When applying Option II or Option III, the financial/economic analysis shall be based on parameters that are standard in the market, considering the specific characteristics of the project type, but not linked to the subjective profitability expectation or risk profile of a particular project developer. Only in the particular case where the project activity can be implemented by the project participant, the specific financial/economic situation of the company undertaking the project activity can be considered. 3. Discount rates and benchmarks shall be derived from: (a) Government bond rates, increased by a	Ver 05.2	DR	See CAR2 above. Please take attention that selected benchmark has to be validated with publically available evidence.		O.K.



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<p>suitable risk premium to reflect private investment and/or the project type, as substantiated by an independent (financial) expert or documented by official publicly available financial data; (b) Estimates of the cost of financing and required return on capital (e.g. commercial lending rates and guarantees required for the country and the type of project activity concerned), based on bankers views and private equity investors/funds' required return on comparable projects; (c) A company internal benchmark (weighted average capital cost of the company), only in the particular case referred to above in 2. The project developers shall demonstrate that this benchmark has been consistently used in the past, i.e. that project activities under similar conditions developed by the same company used the same benchmark; (d) Government/official approved benchmark where such benchmarks are used for investment decisions; (e) Any other indicators, if the project participants can demonstrate that the above Options are not applicable and their indicator is appropriately justified.</p> <p>Please specify benchmark and justify.</p>					
<p>p. Has the below guideline followed for Sub-step 2c: Calculation and comparison of financial indicators (only applicable to Options II and III):</p> <ol style="list-style-type: none"> 1. Calculate the suitable financial indicator for the proposed JI project activity and, in the case of Option 	Ver 05.2		<p>The project IRR and equity IRR were calculated comparing project activities with and without ERUs income.</p> <ol style="list-style-type: none"> 1. All relevant costs and revenues have been included to IRR calculation for the proposed CDM project activity except the 		



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<p>II above, for the other alternatives. Include all relevant costs (including, for example, the investment cost, the operations and maintenance costs), and revenues (excluding CER revenues, but possibly including inter alia subsidies/fiscal incentives, ODA, etc, where applicable), and, as appropriate, non-market cost and benefits in the case of public investors if this is standard practice for the selection of public investments in the host country.</p> <p>2. Present the investment analysis in a transparent manner and provide all the relevant assumptions, preferably in the JI-PDD, or in separate annexes to the JI-PDD.</p> <p>3. Justify and/or cite assumptions.</p> <p>4. In calculating the financial/economic indicator, the project's risks can be included through the cash flow pattern, subject to project-specific expectations and assumptions</p> <p>5. Assumptions and input data for the investment analysis shall not differ across the project activity and its alternatives, unless differences can be well substantiated.</p> <p>6. Present in the JI-PDD a clear comparison of the financial indicator for the proposed JI activity</p> <p>Please specify details for above</p>			<p>maintenance costs.</p> <p><u>Clarification action request :</u> Please, justify why maintenance costs were not included in the IRR calculation.</p> <p><u>Clarification action request :</u> Please, justify what costs were included in the operational cost.</p> <p>2. The investment analysis is presented in separate annexes.</p> <p>3. <u>Clarification action request:</u> Please, justify clearly (preferable with suitable documentation): -project long term activity assets (Project assets) purchase price; -Project assets technical lifetime; -fair value evaluation of Project assets at the end of the project and evaluation principles; -sale-price of the ERUs; -applied interest rate.</p> <p>4. No project's risks were included in the</p>	<p>CL4</p> <p>CL5</p> <p>O.K.</p> <p>CL6</p> <p>O.K.</p>	<p>O.K.</p> <p>O.K.</p> <p>O.K.</p> <p>O.K.</p>



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			IRR calculation. 5. The same assumptions and input data were made doing the investment analysis. The project analysis was applied to the same project activity having two alternatives: with and without ERUs income. 6. IRR comparison for the proposed activity is presented in separate annexes.	O.K. O.K	
q. Has the below guideline followed for Sub-step 2d: Sensitivity analysis (only applicable to Options II and III): 1. Include a sensitivity analysis that shows whether the conclusion regarding the financial/economic attractiveness is robust to reasonable variations in the critical assumptions.	Ver 05.2	DR	Variable power production and ERU sale price were included in the sensitivity analysis. However final conclusion will be accepted when CAR 2 will be closed.		O.K.
r. Has the outcome of Step 2 clearly mentioned with justification?	Ver 05.2	DR	The outcome of Step 2 clearly confirms that the proposed JI project activity is unlikely to be the most financially attractive. However final conclusion will be accepted when CAR 2 will be closed and this has to be confirmed against a benchmark which has not been done.		O.K.
s. In step 3: Barrier analysis have all the sub-steps as below followed? 1. Sub-step 3a: Identify barriers that would prevent the implementation of the proposed CDM project activity 2. Sub-step 3 b: Show that the identified barriers would not prevent the implementation of at least one of the	Ver 05.2	DR	Not applicable. PP has not opted for step 3.	O.K.	O.K.



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alternatives (except the proposed project activity):					
<p>t. Has the below guideline followed for Sub-step 3a: Identify barriers that would prevent the implementation of the proposed CDM project</p> <p>1. (a) Investment barriers: For alternatives undertaken and operated by private entities: Similar activities have only been implemented with grants or other non-commercial finance terms. No private capital is available from domestic or international capital markets due to real or perceived risks associated with investment in the country where the proposed CDM project activity is to be implemented, as demonstrated by the credit rating of the country or other country investments reports of reputed origin.</p> <p>2. (b) Technological barriers: Skilled and/or properly trained labour to operate and maintain the technology is not available in the relevant country/region, which leads to an unacceptably high risk of equipment disrepair and malfunctioning or other underperformance; Lack of infrastructure for implementation and logistics for maintenance of the technology, Risk of technological failure: the process/technology failure risk in the local circumstances is significantly greater than for other technologies that provide services or outputs comparable to those of the proposed CDM project activity, as demonstrated by relevant scientific literature or technology manufacturer information, The particular technology used in the proposed project activity is not</p>	Ver 05.2	DR	Not applicable. PP has not opted for step 3.	O.K.	O.K.



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<p>available in the relevant region.</p> <p>3. (c) Barriers due to prevailing practice: The project activity is the “first of its kind”.</p> <p>4. (d) Other barriers, preferably specified in the underlying methodology as examples.</p>					
<p>u. Has the outcome from Step 3a clearly mentioned in PDD?</p>	Ver 05.2	DR	Not applicable. PP has not opted for step 3.	O.K.	O.K.
<p>v. Has the below guideline followed for Sub-step 3 b: Show that the identified barriers would not prevent the implementation of at least one of the alternatives (except the proposed project activity):</p> <ol style="list-style-type: none"> 1. If the identified barriers also affect other alternatives, explain how they are affected less strongly than they affect the proposed CDM project activity. In other words, demonstrate that the identified barriers do not prevent the implementation of at least one of the alternatives. Any alternative that would be prevented by the barriers identified in Sub-step 3a is not a viable alternative, and shall be eliminated from consideration. 2. provide transparent and documented evidence, and offer conservative interpretations of this documented evidence, as to how it demonstrates the existence and significance of the identified barriers and whether alternatives are prevented 	Ver 05.2	DR	Not applicable. PP has not opted for step 3.	O.K.	O.K.



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<p>by these barriers.</p> <p>3. The type of evidence to be provided should include at least one of the following: (a) Relevant legislation, regulatory information or industry norms; (b) Relevant (sectoral) studies or surveys (e.g. market surveys, technology studies, etc) undertaken by universities, research institutions, industry associations, companies, bilateral/multilateral institutions, etc; (c) Relevant statistical data from national or international statistics; (d) Documentation of relevant market data (e.g. market prices, tariffs, rules); (e) Written documentation of independent expert judgments from industry, educational institutions (e.g. universities, technical schools, training centres), industry associations and others.</p> <p>Please specify.</p>					
w. Has the outcome from Step 3 clearly mentioned in PDD?	Ver 05.2	DR	Not applicable. PP has not opted for step 3.	O.K.	O.K.
<p>x. In step 4: Common practise analysis have all the sub-steps as below followed?</p> <p>1. Sub-step 4a: Analyze other activities similar to the proposed project activity</p> <p>2. Sub-step 4b: Discuss any similar Options that are occurring</p>	Ver 05.2	DR	Step 4 has all the sub-steps (sub-step 4a and sub-step 4b).	O.K.	O.K.
y. Has the below guideline followed for Sub-step 4a: Analyze other activities similar to the proposed project activity	Ver 05.2	DR	Two wind energy parks operating in Lithuania are analysed as similar activities. However, these wind energy parks are JI	CAR 3	O.K.



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<p>1. Provide an analysis of any other activities that are operational and that are similar to the proposed project activity. Other JI project activities are not to be included in this analysis. Provide documented evidence and, where relevant, quantitative information. On the basis of that analysis, describe whether and to which extent similar activities have already diffused in the relevant region.</p>			<p>project activities, therefore CAR3 was raised:</p> <p>Corrective action request: Other JI project activities (two wind energy parks operating in Lithuania) should not be included in the common practice analysis.</p>		
<p>z. Has the below guideline followed for Sub-step 4b: Discuss any similar Options that are occurring:</p> <p>1. If similar activities are identified, then it is necessary to demonstrate why the existence of these activities does not contradict the claim that the proposed project activity is financially/economically unattractive or subject to barriers. This can be done by comparing the proposed project activity to the other similar activities, and pointing out and explaining essential distinctions between them that explain why the similar activities enjoyed certain benefits that rendered it financially/economically attractive (e.g., subsidies or other financial flows) and which the proposed project activity cannot use or did not face the barriers to which the proposed project activity is subject. In case similar projects are not accessible, the PDD should include justification about non-accessibility of data/information.</p>	Ver 05.2	DR	Description for Sub-step 4b should be reviewed in the PDD after the implementation of the corrective action regarding Sub-step 4a.		O.K.
<p>aa. Has the outcome from Step 4 clearly mentioned in PDD?</p>	Ver 05.2	DR	<p>Corrective action request: Outcome from step 4 has not been clearly mentioned in the PDD. This CAR is related</p>	CAR4	O.K.



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			to CAR3 above.		
bb. Has it been proved that the project is additional?	Ver 05.2	DR	Additionality will be proved after the resolution of the corrective action request above.		O.K.
2. Investment Analysis					
a. Is the period of assessment limited to the proposed crediting period of the JI project activity.	EB 41	Ann ex 45	The period of assessment is not limited to the proposed crediting period. The project started in 2008, but project activity started and the first income earned in 2010. The period of assessment is 2008-2030 comparing to the crediting period of October 2010 – December 2012.	O.K.	O.K.
b. Does the project IRR and equity IRR calculations reflect the period of expected operation of the underlying project activity (technical lifetime), or - if a shorter period is chosen - include the fair value of the project activity assets at the end of the assessment period.	EB 41	Ann ex 45	The project IRR and equity IRR calculations reflect the period of expected operation of the underlying project activity (technical lifetime).	O.K.	O.K.
c. Does the IRR calculation include the cost of major maintenance and/or rehabilitation if these are expected to be incurred during the period of assessment?	EB 41	Ann ex 45	The cost of major maintenances is not included in the IRR calculation. <u>Corrective action request :</u> The cost of major maintenance should be included into the calculation of IRR.	CAR8	O.K.
d. Do the Project participants justify the appropriateness of the period of assessment in the context of the underlying project activity, without reference to the proposed CDM	EB 41	Ann ex 45	The period of IRR assessment reflects the period of expected operation of the underlying project activity.	O.K.	O.K.



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crediting period?					
e. Does the cash flow in the final year include a fair value of the project activity assets at the end of the assessment period?	EB 41	Ann ex 45	<p>The fair value of the project activity assets is not included in the cash flow in the final year for purposes of IRR calculation.</p> <p><u>Corrective action request :</u> The fair value of the project activity assets should be included as the cash inflow at the final project activity year.</p>	CAR9	O.K.
f. Has the fair value been calculated in accordance with local accounting regulations where available, or international best practice.	EB 41	Ann ex 45	<p><u>Clarification action request:</u> Please, justify the principles of fair value evaluation and calculation at the end of the assessment period.</p>	CL7	O.K.
g. Do the fair value calculations include both the book value of the asset and the reasonable expectation of the potential profit or loss on the realization of the assets?	EB 41	Ann ex 45	See CL7 above.		O.K.
h. Is depreciation, and other non-cash items related to the project activity, which have been deducted in estimating gross profits on which tax is calculated, added back to net profits for the purpose of calculating the financial indicator (e.g. IRR, NPV)?	EB 41	Ann ex 45	Depreciation has been added back to net profit for the purpose of calculating the IRR.	O.K.	O.K.
i. Has taxation been included as an expense in the IRR/NPV calculation in cases where the benchmark or other comparator is intended for post-tax comparisons?	EB 41	Ann ex 45	<p>Taxation has been included as an expense in the IRR calculation.</p> <p><u>Clarification action request :</u> Please, justify why the corporate tax rate of 18% is applied for the years 2010 – 2030 in the IRR calculation sheet.</p>	CL8	O.K.



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j. Are the input values used in all investment analysis valid and applicable at the time of the investment decision taken by the project participant?	EB 41	Ann ex 45	<u>Clarification action request:</u> Please, indicate the time of the investment decision taken. See CL5 and CL6 also.	CL9	O.K.
k. Is the timing of the investment decision and the consistency and appropriateness of the input values with the time when the investment decision was taken?	EB 41	Ann ex 45	See CL9 above.		O.K.
l. Have all the listed input values been consistently applied in all calculations?	EB 41	Ann ex 45	All the listed input values have been consistently applied in all calculations.	O.K.	O.K.
m. Does the investment analysis reflect the economic decision making context at point of the decision to recommence the project in the case of project activities for which implementation ceases after the commencement and where implementation is recommenced due to consideration of the JI	EB 41	Ann ex 45	<u>Clarification action request :</u> Please, indicate where in the investment analysis reflects the economic decision making context at point of the decision to recommence the project in the case of project activities for which implementation ceases after the commencement and where implementation is recommenced due to consideration of the CDM.	CL10	O.K.
n. Have Project participants supplied the spreadsheet versions of all investment analysis?	EB 41	Ann ex 45	The spreadsheet of all investment analysis has been supplied.	O.K.	O.K.
o. Are all formulas used in this analysis readable and all relevant cells viewable and unprotected?	EB 41	Ann ex 45	All formulas used in spreadsheet are readable; all cells are viewable and unprotected.	O.K.	O.K.
p. In cases where the project participant does not wish to make such a spreadsheet available to the public has the PP provided an exact read-only or PDF copy for general publication?	EB 41	Ann ex 45	The spreadsheet will be provided on the UNFCCC internet page.	O.K.	O.K.
q. In case the PP wishes to black-out certain elements of	EB	Ann	Not applicable.	O.K.	O.K.



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the publicly available version, is it justifiable?	41	ex 45			
r. Does the cost of financing expenditures (i.e. loan repayments and interest) included in the calculation of project IRR?	EB 41	Ann ex 45	The cost of financing expenditures is not included in the calculation of project IRR.	O.K.	O.K.
s. In the calculation of equity IRR has only the portion of investment costs which is financed by equity been considered as the net cash outflow?	EB 41	Ann ex 45	In the calculation of equity IRR only the portion of investment costs which is financed by equity has been considered as net cash outflow.	O.K.	O.K.
t. Has the portion of the investment costs which is financed by debt been considered a cash outflow in the calculation of equity IRR? (this is not allowed)	EB 41	Ann ex 45	In the calculation of equity IRR the portion of investment costs which is financed by debt has not been considered as a cash outflow.	O.K.	O.K.
u. In cases where a benchmark approach is used, is the applied benchmark appropriate to the type of IRR calculated?	EB 41	Ann ex 45	The benchmark was not applied, see CAR2 above.		O.K.
v. Has local commercial lending rates or weighted average costs of capital (WACC) selected as appropriate benchmarks for a project IRR?	EB 41	Ann ex 45	The benchmark was not applied, see CAR2 above.		O.K.
w. Has required/expected returns on equity selected as appropriate benchmark for an equity IRR.	EB 41	Ann ex 45	The benchmark was not applied, see CAR2 above.		O.K.
x. In case benchmarks supplied by relevant national authorities selected is it applicable to the project activity and the type of IRR calculation presented?	EB 41	Ann ex 45	The benchmark was not applied, see CAR2 above.		O.K.
y. In the cases of projects which could be developed by an entity other than the project participant, is the benchmark applied based on publicly available data sources which can be clearly validated?	EB 41	Ann ex 45	The benchmark was not applied, see CAR2 above.		O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
z. Does Internal company benchmarks/expected returns (including those used as the expected return on equity in the calculation of a weighted average cost of capital - WACC) been applied in cases where there is only one possible project developer?	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
aa. Has it been demonstrated to have been used for similar projects with similar risks, developed by the same company or, if the company is brand new, would have been used for similar projects in the same sector in the country/region.	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
bb. Is a minimum clear evidence of the resolution by the company.s Board and/or shareholders been provided to the effect as above?	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
cc. Has a thorough assessment of the financial statements of the project developer - including the proposed WACC - to assess the past financial behavior of the entity during at least the last 3 years in relation to similar projects been conducted?	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
dd. Do the risk premiums applied in the determination of required returns on equity reflect the risk profile of the project activity being assessed, established according to national/international accounting principles? (It is not considered reasonable to apply the rate general stock market returns as a risk premium for project activities that face a different risk profile than an investment in such indices.)	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
ee. Has an investment comparison analysis and not a benchmark analysis been used when the proposed baseline scenario leaves the project participant no other	EB 41	Ann ex 45	Not applicable	O.K.	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
choice than to make an investment to supply the same (or substitute) products or services?					
ff. Have variables, including the initial investment cost, that constitute more than 20% of either total project costs or total project revenues been subjected to reasonable variation (positive and negative) and the results of this variation been presented in the PDD and be reproducible in the associated spreadsheets?	EB 41	Ann ex 45	<p>The energy output, MWh/year and ERUs price were chosen as variables, which constitute more than 20% of the total project revenue. Results of the variations have been presented.</p> <p><u>Clarification action request:</u> Please, justify that there are no any other variables, which constitute more than 20% of either total project costs or total project revenues (for example, why depreciation of the project activity assets can't be as variable).</p>	CL11	O.K.
gg. Have a corrective action been raised for a variable to be included in the sensitivity analysis which constitute less than 20% and have a material impact on the analysis ?	EB 41	Ann ex 45	<p><u>Clarification action request :</u> Please, clearly indicate assumptions, that there are no any other variables, which constitute less than 20%, but have material impact on the sensitivity analysis.</p>	CL12	O.K.
hh. Is the range of variations selected reasonable in the project context?	EB 41	Ann ex 45	<p><u>Clarification action request :</u> Please, motivate the assumptions to use these range of variations: Energy output, MWh/year (-10% to +10%) ERUs price (-20% to +20%).</p>	CL13	O.K.
ii. Do the departure variations in the sensitivity analysis at least cover a range of +10% and -10%, unless this is not deemed appropriate in the context of the specific project circumstances?	EB 41	Ann ex 45	The departure variations in the sensitivity analysis cover a range of +10% and -10%.	O.K.	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
jj. In cases where a scenario will result in the project activity passing the benchmark or becoming the most financially attractive alternative is an assessment done of the probability of the occurrence of this scenario in comparison to the likelihood of the assumptions in the presented investment analysis, taking into consideration correlations between the variables as well as the specific socio-economic and policy context of the project activity?	EB 41	Ann ex 45	The benchmark was not applied, see CAR2.		O.K.
			<u>Clarification action request :</u> Please correct errors in financial model sheet "IRR" and PDD sub-step 2d, page 12: Sheet "IRR": 1. We identified, that short term receivables (sheet „MOD Griez“row 44) and Debts (sheet „IRR“row 26) were calculated by using different methodology. According to „Methodological Tools“all Input values should be the same in all calculations. Please, explain why it differs. In the Debts (sheet „IRR“row 26) calculation formulas was used index 1.21, is it applied VAT? If the answer is positive why VAT payable wasn't reflected? 2. We think that in the calculations of „Equity capital“ (sheet „IRR“ columns C31, D31 and E31) for the year 2008, 2009 and 2010, were used incorrect formulas and it	CL14	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			gives cause for different „Equity capital“ values at the end of the Project (year 2030) comparing equity calculated in sheet „MOD Griez“row 49 and sheet „IRR“row 34. Is this our finding reasonable? 3. Please, give your explanation why any formula wasn't applied in cells C48, D48 and E48 (sheet „IRR“, Cash flow statement, Debts). We think that there should be the same formula like in cells F48, G48 etc.		
B.2.2. Is the baseline scenario described?		DR	The baseline scenario is described in the PDD Section A.2.	O.K.	O.K.
B.2.3. Is the project scenario described?		DR	The project scenario is described in the PDD Section A.2.	O.K.	O.K.
B.2.4. Is an analysis showing why the emissions in the baseline scenario would likely exceed the emissions in the project scenario included?		DR	Baseline calculations are presented in the PDD Section B.1.	O.K.	O.K.
B.2.5. Is it demonstrated that the project activity itself is not a likely baseline scenario?		DR	It is clearly demonstrated in the PDD Section A.2.	O.K.	O.K.
B.2.6. Are national policies and circumstances relevant to the baseline of the proposed project activity summarized?		DR	National policies are summarized in the PDD Section B2, sub-step 1b.	O.K.	O.K.
B.3. Description of how the definition of the project boundary is applied to the project activity					
B.3.1. Are the project's spatial (geographical) boundaries clearly defined?		DR	Spatial boundaries comply with the statements in the PDD.	O.K.	O.K.
B.4. Further baseline information, including the date of					



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
baseline setting and the name(s) of the person(s)/entity(ies) setting the baseline					
B.4.1. Is the date of the baseline setting presented (in DD/MM/YYYY)?		DR	The date of the baseline setting: 29 10 2009. <u>Corrective action request:</u> please provide date of the baseline setting in DD/MM/YYYY format.	CAR5	O.K.
B.4.2. Is the contact information provided?		DR	Contact information is provided: Vejo gusis, JSC, represented by CEO Egidijus Simutis, Tel/Fax. +370 441 47772, E-mail. es@nemo.lt. <u>Corrective action request:</u> please provide company name consistently like in "Liepyne Wind Power Park Joint Implementation Project" (Vejo gusis, UAB).	CAR6	O.K.
B.4.3. Is the person/entity also a project participant listed in Annex 1 of PDD?		DR	CEO Egidijus Simutis has developed the Baseline setting and is also the project participant listed in Annex 1.	O.K.	O.K.
C. Duration of the small-scale project and crediting period					
C.1. Starting date of the project					
C.1.1. Is the project's starting date clearly defined?		DR	<u>Corrective action request:</u> Please state the means of determination of the start date of the project in line with the definition of the start date of a JI project activity.	CAR7	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
C.2. Expected operational lifetime of the project					
C.2.1. Is the project's operational lifetime clearly defined in years and months?		DR	The planned operational lifetime of the wind park is 20 years (2009-2029). It is validated from the operational life of the equipment. The lifetime is defined in years and months.	O.K.	O.K.
C.3. Length of the crediting period					
C.3.1. Is the length of the crediting period specified in years and months?		DR	The crediting period is clearly defined (2 years and 3 months).	O.K.	O.K.
D. Monitoring Plan					
D.1. Description of monitoring plan chosen					
D.1.1. Is the monitoring plan defined?		DR	The monitoring plan is defined in Section D and Annex 3.	O.K.	O.K.
D.1.2. Option 1 – Monitoring of the emissions in the project scenario and the baseline scenario.		DR	No project emissions are expected. A formula required to estimate the baseline scenario is defined.	O.K.	O.K.
D.1.3. Data to be collected in order to monitor emissions from the project, and how these data will be archived.		DR	No project emissions are expected.	O.K.	O.K.
D.1.4. Description of the formulae used to estimate project emissions (for each gas, source etc.; emissions in units of CO2 equivalent).		DR	No project emissions are expected.	O.K.	O.K.
D.1.5. Relevant data necessary for determining the baseline of anthropogenic emissions of greenhouse gases by sources within the project boundary, and how such data will be collected and archived.		DR	Requirements for data collection and storage are defined.	O.K.	O.K.
D.1.6. Description of the formulae used to estimate baseline emissions (for each gas, source etc.;		DR	A formula required to estimate the baseline	O.K.	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
emissions in units of CO2 equivalent).			scenario emission is defined.		
D.1.7. Option 2 – Direct monitoring of emissions reductions from the project (values should be consistent with those in section E)		DR	Not applicable.	O.K.	O.K.
D.1.8. Data to be collected in order to monitor emission reductions from the project, and how these data will be archived.		DR	Not applicable.	O.K.	O.K.
D.1.9. Description of the formulae used to calculate emission reductions from the project (for each gas, source etc.; emissions/emission reductions in units of CO2 equivalent).		DR	Not applicable.	O.K.	O.K.
D.1.10. If applicable, please describe the data and information that will be collected in order to monitor leakage effects of the project.		DR	No leakage is expected.	O.K.	O.K.
D.1.11. Description of the formulae used to estimate leakage (for each gas, source etc.; emissions in units of CO2 equivalent).		DR	No leakage is expected.	O.K.	O.K.
D.1.12. Description of the formulae used to estimate emission reductions for the project (for each gas, source etc.; emissions in units of CO2 equivalent).		DR	Since there are no project emissions, the emission reductions are the same as the baseline emissions.	O.K.	O.K.
D.1.13. Is information on the collection and archiving of information on the environmental impacts of the project provided?		DR, I	After installing the wind power plant the measurements of the noise level will be undertaken.	O.K.	O.K.
D.1.14. Is reference to the relevant host Party regulation(s) provided?		DR, I	References are provided.	O.K.	O.K.
D.1.15. If not applicable, is it stated so?		DR, I	See D.1.12 above.	O.K.	O.K.



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



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E.1.3. Have conservative assumptions been used to calculate project GHG emissions?		DR	Not applicable.	O.K.	O.K.
E.2. Estimated leakage					
E.2.1. Are described the formulae used to estimate leakage due to the project activity where required?		DR	No leakage is expected, therefore section E.2 is not applicable.	O.K.	O.K.
E.2.2. Is there a description of calculation of leakage in accordance with the formula specified in for the applicable project category?		DR	Not applicable.	O.K.	O.K.
E.2.3. Have conservative assumptions been used to calculate leakage?		DR	Not applicable.	O.K.	O.K.
E.3. The sum of E.1 and E.2.					
E.3.1. Does the sum of E.1. and E.2. represent the small-scale project activity emissions?		DR	Not applicable.	O.K.	O.K.
E.4. Estimated baseline emissions					
E.4.1. Are described the formulae used to estimate the anthropogenic emissions by source of GHGs in the baseline using the baseline methodology for the applicable project category?		DR	Not applicable.	O.K.	O.K.
E.4.2. Is there a description of calculation of GHG baseline emissions in accordance with the formula specified in for the applicable project category?		DR	Baseline emissions will be monitored using the following formulae: $ER = E_{VP} \times EF_{LE}$, ER-emission reductions, tCO ₂ E _{VP} -net power dispatched to the grid from wind power park. EF _{LE} -emission factor for power production at	O.K.	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			Lietuvos elektrine, 0.626 tCO2/MWh.		
E.4.3. Have conservative assumptions been used to calculate baseline GHG emissions?		DR	Not applicable.	O.K.	O.K.
E.5. Difference between E.4. and E.3. representing the emission reductions of the project					
E.5.1. Does the difference between E.4. and E.3. represent the emission reductions due to the project during a given period?		DR	Yes.	O.K.	O.K.
E.6. Table providing values obtained when applying formulae above				O.K.	O.K.
E.6.1. Is there a table providing values of total CO2 abated?		DR	Yes.	O.K.	O.K.
F. Environmental Impacts					
F.1. Documentation on the analysis of the environmental impacts of the project, including transboundary impacts, in accordance with procedures as determined by the host Party					
F.1.1. Has an analysis of the environmental impacts of the project been sufficiently described?		DR, I	The relevant environmental impacts are sufficiently described in the PDD. An environmental impact investment is not necessary (it is confirmed by a letter from the Ministry of Environment).	O.K.	O.K.
F.1.2. Are there any Host Party requirements for an Environmental Impact Assessment (EIA), and if yes, is and EIA approved?		DR, I	See section F.1.1 above.	O.K.	O.K.
F.1.3. Are the requirements of the National Focal Point		DR,	There were no special requirements from	O.K.	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
being met?		I	the NFP.		
F.1.4. Will the project create any adverse environmental effects?		DR, I	See section F.1.1 above.	O.K.	O.K.
F.1.5. Are transboundary environmental impacts considered in the analysis?		DR, I	There are no transboundary environmental aspects.	O.K.	O.K.
F.1.6. Have identified environmental impacts been addressed in the project design?		DR, I	The site has been chosen in such a way that no residents are disturbed inside the sanitary zone.	O.K.	O.K.
G. Stakeholders' comments					
G.1.Information on stakeholders' comments on the project, as appropriate					
G.1.1. Is there a list of stakeholders from whom comments on the project have been received?		DR	It is stated in the PDD that stakeholders have not expressed any objections.	O.K.	O.K.
G.1.2. The nature of comments is provided?		DR	See G.1.1 above.	O.K.	O.K.
G.1.3. Has due account been taken of any stakeholder comments received?		DR	See G.1.1 above.	O.K.	O.K.

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Table 3 Baseline and Monitoring Methodologies

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
1. Baseline Methodology					
1.1. General					
1.1.1. Does the baseline cover emissions from all gases, sectors and source categories listed in Annex A, and anthropogenic removals by sinks, within the project boundary?		DR, I	The baseline covers emissions from CO2 in electricity production from fossil fuel sources listed in Annex 2.	O.K.	O.K.
1.1.2. Is baseline established on a project-specific basis and/or using a multi-project emission factor?		DR	See B.1.2 above.	O.K.	O.K.
1.1.3 Is baseline established in a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors?		DR	See B.1.2 above.	O.K.	O.K.
1.1.4 Is baseline established taking into account relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector?		DR	See B.1.2 above.	O.K.	O.K.
1.1.5 Is baseline established in such a way that ERUs cannot be earned for decreases in activity levels outside the project activity or due to <i>force majeure</i> ?		DR	The baseline is established without a possibility to earn ERUs.	O.K.	O.K.
1.1.6 Is baseline established taking account of uncertainties and using conservative assumptions?		DR	See B.1.2 above.	O.K.	O.K.
1.2. Additionality					
1.2.1. Was the additionality of the project activity demonstrated and assessed?		DR	The additionality is proved using the version 05.2 of the CDM tool for the demonstration and assessment of additionality. See B.2.1 above.		O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
2. Monitoring Methodology					
2.1. Monitoring plan					
2.1.1. Is a monitoring plan included?		DR	See D.1.1 above.	O.K.	O.K.
2.1.2. Does the monitoring plan provide for the collection and archiving of all relevant data necessary for estimating or measuring anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases occurring within the project boundary during the crediting period?		DR	See D.1.13 above.	O.K.	O.K.
2.1.3. Does the monitoring plan provide for the collection and archiving of all relevant data necessary for determining the baseline of anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases within the project boundary during the crediting period?		DR	Baseline emissions are equal to emission reductions in this project, therefore see D.1.13 above.	O.K.	O.K.
2.1.4. Does the monitoring plan provide for the identification of all potential sources of, and the collection and archiving of data on increased anthropogenic emissions by sources and/or reduced anthropogenic removals by sinks of greenhouse gases outside the project boundary that are significant and reasonably attributable to the project during the crediting period?		DR	There are no emission sources and removal by sinks.	O.K.	O.K.
2.1.5. Does the project boundary encompass all anthropogenic emissions by sources and/or removals by sinks of greenhouse gases under the control of the project participants that are significant and reasonably attributable to the JI project?		DR	There are no emission sources and removal by sinks.	O.K.	O.K.
2.1.6. Does the monitoring plan provide for the collection and archiving of information on environmental impacts, in accordance with procedures as required by the host Party, where applicable?		DR	See D.1.13 above.	O.K.	O.K.



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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
2.1.7. Does the monitoring plan provide for quality assurance and control procedures for the monitoring process?		DR	The monitoring plan provides quality assurance and control procedures. Also see D.1.5 above.	O.K.	O.K.
2.1.8. Does the monitoring plan provide for procedures for the periodic calculation of the reductions of anthropogenic emissions by sources and/or enhancements of anthropogenic removals by sinks by the proposed JI project, and for leakage effects, if any?		DR	The monitoring plan provides a procedure and form (PDD, Annex 3) for the periodic calculation of the emission reductions. Also see D.1.5 above.	O.K.	O.K.
2.1.9. Does the monitoring plan provide for documentation of all steps involved in the calculations?		DR	The monitoring plan provides for documentation of all steps involved in the calculations. Also see D.1.5 above.	O.K.	O.K.
2.2. Quality Control (QC) and Quality Assurance (QA) Procedures					
2.2.1. Did all measurements use calibrated measurement equipment that is regularly checked for its functioning?		DR	Commercial electric meters will be calibrated by an accredited laboratory according to the requirements of national legislation (calibration period for electric power meters is 8 years). Also see D.1.5 above.	O.K.	O.K.
2.2.2 Is frequency of monitoring the parameters defined?		DR	The frequency of monitoring is once per month.	O.K.	O.K.

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Table 4 Legal requirements

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
1. Legal requirements					
1.1. Is the project activity environmentally licensed by the competent authority?		DR, I	The project activity is licensed by the competent authority (see the PDD, section F.1). It was stated there that the assessment of the planned economic activity - installation and maintenance of the wind power plant - is not required.	O.K.	O.K.
1.2. Are there conditions of the environmental permit? In case of yes, are they already being met?		DR, I	The environmental permit is not required.	O.K.	O.K.
1.3. Is the project in line with relevant legislation and plans in the host country?		DR, I	Project detailed plan was approved on 22 October 2009. Constructional permit on was approved on 15 March 2010.	O.K.	O.K.

Table 5 Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
CAR1: Please submit LoA from the Parties involved.	Table 2, A.5.1.	Project developer provided LoA, issued by Ministry of Environment of the Republic of Lithuania.	The LoA, issued by Ministry of Environment of the Republic of Lithuania on 19/06/2010 was found acceptable to close CAR1. The approval from the investor country will be compulsory for first monitoring report verification.
CAR2: Option III (benchmark analysis) should be used because alternative “B” is based on investment that is out of control of the Project developer, i.e. the project could be developed by a different entity (as described in paragraph 15 in the Annex to the Tool for the demonstration and assessment of additionality Ver.5.02).	Table 2, 1. Additionality of a project activity, I)	Revised PDD (version 3) was provided: benchmark analysis have been used instead of investment analysis.	The revised PDD (version 3) section B.2 was reviewed and found acceptable. In order to apply a benchmark comparable to the project IRR the project developer selected to use average value of the interest rate (AVIR) on loans for non-financial corporations published by the central Bank of Lithuania (LB). The AVIR is the benchmark interest rate at which Lithuanian commercial banks and other financial institutions (unions, funds and etc.) lend money to their customers. Additional



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Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
			revenues from ERUs sale increase project IRR to 5,46%. Therefore the JI revenues enable the Project to overcome the investment barrier and demonstrate the additionality of the Project. Hence, CAR 2 is closed.
CAR3: Other JI project activities (two wind energy parks operating in Lithuania) should not be included in the common practice analysis.	Table 2, 1. Additionality of a project activity, y)	Revised PDD (version 3) was provided, other JI activities were not used in common practices analysis.	The revised PDD (version 3) section B.2 sub step 4a was reviewed and found acceptable. Hence, CAR 3 is closed.
CAR4: Outcome from step 4 has not been clearly mentioned in the PDD. This CAR is related to CAR3 above.	Table 2, 1. Additionality of a project activity, aa)	Revised PDD (version 3) was provided.	The revised PDD (version 3) section B.2 sub step 4b was reviewed and found acceptable. Also sub step 3a was adjusted according CAR3. Hence, CAR 4 is closed.
CAR5: Please provide date of the baseline setting in DD/MM/YYYY format.	Table 2, B.4.1.	Revised PDD (version 3) was provided. The date was provided in the necessary format.	The revised PDD (version 3) section B.4.1. was reviewed and found acceptable. Hence, CAR 5 is closed.
CAR6: Please provide the same company name like in "Liepyne Wind Power Park Joint Implementation Project" (Vejo gusis, UAB, not Vejo gusis, JSC).	Table 2, B.4.2.	PDD (version 3) was corrected accordingly.	The revised PDD (version 3) section was reviewed and found acceptable. Hence, CAR 6 is

B.4.1.

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Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
			closed.
CAR7: Please state the means of determination of the start date of the project in line with the definition of the start date of a JI project activity.	Table 2, C.1.1.	PDD section C.1 was corrected accordingly.	The revised PDD (version 3) section C.1. was reviewed and found acceptable. Hence, CAR 7 is closed. Agreement on land purchase date is provided for start date.
CAR8: The cost of major maintenances is not included in the IRR calculation.	Table 2, 2 Investment Analysis, c)	The IRR spreadsheet (version 3) was appended with statement of Profit (loss) and formulas of IRR calculation. Maintenance costs were included into the IRR calculation correctly .	The IRR spreadsheet was reviewed and found acceptable. Hence, CAR8 is closed.
CAR9: The fair value of the project activity assets should be included as the cash inflow at the final project activity year.	Table 2, 2 Investment Analysis, e)	The fair value of the project activity assets were not included as the cash inflow at the final project activity year, because it was made assumption that the fair value of the project activity assets will be equal 0 (zero). See the explanation of CL7 below.	Provided assumption is acceptable. Hence, CAR9 is closed.
CL1: Please provide evidences that estimated annual production of 31,7 GWh is confirmed by Enercon experts. Please take attention that in PDD page 6 estimated annual production is 32,7 GWh.	Table 2, A.2.2.	Enercon energy yield calculation was provided (calculation date is 31 October 2009). "32,7" was changed to "31,7" in the PDD section A.4.3.	The revised PDD (version 3) section A.4.3. was reviewed and found acceptable. Hence, CL1 is closed.
CL2: Information regarding total installed wind power capacity in Lithuania (54,4 MW)	Table 2, A.2.2.	Currently three wind energy parks with total capacity 66MW and several individual wind	The revised PDD (version 3) section A.3. was reviewed and

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is not updated (provided 2008 year data).		turbines with total capacity 9,15 MW are under operation in Lithuania. The total installed capacity is 75,15 MW (Data of Lithuanian transmission system operator www.litgrid.eu 11 01 2010). PDD section A.3 was revised accordingly.	found acceptable. Hence, CL2 is closed.
CL3: Please explain why details of physical location (PDD sections A.4.1.2, A.4.1.3, A.4.1.4) are not in accordance with “Land plot detailed plan”, approved by municipality on 22 October 2009?	Table 2, A.4.1.4.	PDD section A.1.4 was appended with wind turbines coordinates.	The revised PDD (version 3) section A.1.4. was reviewed and found acceptable. Hence, CL3 is closed.
CL4: Please, justify why maintenance costs were not included in the IRR calculation.	Table 2, 1. Additionality of a project activity, p)	The IRR spreadsheet (version 3) was appended with statement of Profit (loss) and formulas of IRR calculation. Maintenance costs were included into the IRR calculation correctly.	The IRR spreadsheet was reviewed and found acceptable. Hence, CL4 is closed.
CL5: Please, justify what costs were included in the operational cost.	Table 2, 1. Additionality of a project activity, p)	The specification of operation cost was presented in the sheet separately with no significant notes.	The specification of the operational cost was reviewed and found acceptable. Hence, CL5 is closed.
CL6: Please, justify clearly (preferable with suitable documentation): -project long term activity assets (Project assets) purchase price; -Project assets technical lifetime;	Table 2, 1. Additionality of a project activity, p)	Assumptions of the project were presented in the separate sheet. Assumptions were reviewed and compared with associated documents.	

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-fair value evaluation of Project assets at the end of the project and evaluation principles; -sale-price of the ERUs; -applied interest rate.		- The purchase price of project assets were motivated by agreements with Enercon GmbH and UAB Energogrupè. - According to offer for interest rate received from bank, the interest rate of was determined reasonably.	
CL7: Please, justify the principles of fair value evaluation and calculation at the end of the assessment period.	Table 2, 1. Additionality of a project activity, f)	As the project developer explains, It's no reason to believe that turbines of electricity will be used after 20th years. So the Company made an assumption that the fair value of assets will be equal 0 (Zero).	Explanation considered as reasonable. Hence, CL7 is closed.
CL8: Please, justify why the corporate tax rate of 18% is applied for the years 2010 – 2030 in the IRR calculation sheet.	Table 2, 1. Additionality of a project activity, i)	Corrected statement of Profit (Loss) was appended with correctly used rate of corporate tax – 15%.	The rate of corporate tax was used correctly. Hence, CL8 is closed.
CL9: Please, indicate the time of the investment decision taken. See CL5 and CL6 also.	Table 2, 1. Additionality of a project activity, j)	The project developer provided clear explanation about the time of the investment decision taken and input values used.	Provided explanation considered as reasonable. Hence, CL9 is closed.
CL10: Please, indicate where in the investment analysis reflects the economic decision making context at point of the decision to recomence the project in the case of project activities for which implementation	Table 2, 1. Additionality of a project activity, m)	To avoid the opportunity of the project failure the Company will insure the activity and entire wind power park during the project lifetime. Therefore the investment analysis doesn't reflects the economic decision	Provided explanation is reasonable. Hence, CL10 is closed.

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Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
ceases after the commencement and where implementation is recommenced due to consideration of the CDM.		making context at point of the decision to recommence the project in the case of project activities for which implementation ceases after the commencement and where implementation is recommenced due to consideration of the CDM.	
CL11: Please, justify that there are no any other variables, which constitute more than 20% of either total project costs or total project revenues.	Table 2, 1. Additionality of a project activity, ff)	As the project developer explains in PDD (version 3), total investment costs depend on the labour and material market price, but it is expected that variations of project cost will be less than 20 %.	The PDD (version 3) section B.2d. was reviewed and found acceptable. Hence, CL11 is closed.
CL12: Please, clearly indicate assumptions, that there are no any other variables, which constitute less than 20%, but have material impact on the sensitivity analysis.	Table 2, 1. Additionality of a project activity, gg)	Assumptions were indicated clearly and it was noted that currently there is no information on the assumptions that may arise and have a significant impact on the project profitability.	The PDD (version 3) section B.2d. was reviewed and found acceptable. Hence, CL12 is closed.
CL13: Please, motivate the assumptions to use these range of variations: Energy output, MWh/year (-10% to +10%) ERUs price (-20% to +20%).	Table 2, 1. Additionality of a project activity, hh)	As the Project developer explains, the rage of variation was used as a minimum level recommended in the "Tool for the Demonstration and Assessment of Additionality v05.2."	The explanation founded reasonable. Hence, CL13 is closed.
CL14: Please correct errors in financial model sheet "IRR" and PDD sub-step 2d, page 12.	Table 2	All additional questions and notices were answered and corrected.	The PDD (version 3) and separate spreadsheets of investment analysis were reviewed and found acceptable.



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Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
			Hence, additional questions are closed.

APPENDIX B: DETERMINATION TEAM

The verification team consists of the following personnel:

Ashok Mammen, PhD

Bureau Veritas Certification Team Leader, Climate Change Verifier

Dr. Mammen is a lead auditor for the environment, safety and quality management systems and a lead verifier for GHG projects with over 20 years of experience in chemical and petrochemical field with a Ph. D. in oils and lubricants. He has been involved in the validation and verification processes of more than 75 CDM/JI and other GHG projects.

Tomas Paulaitis, M.Sci

Bureau Veritas Certification Team member, Climate Change Verifier

Tomas Paulaitis is a lead auditor for the environment and quality management systems and a lead GHG verifier (EU ETS, JI) with over 10 years of experience and was/is involved in the determination/verification of 8 JI projects. He holds a Master's degree in chemical engineering.

Gediminas Vaskela

Finance specialist

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

Ivan Sokolov

Dr. Sci. (biology, microbiology)

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



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