

**Government of the Russian Federation**

**Decree No 843**

**Towards Implementation of Article 6 of the Kyoto Protocol  
to the United Nations Framework Convention on Climate Change**

**28<sup>th</sup> October 2009**

For the purposes of implementation of Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change, the Government of the Russian Federation hereby decrees as follows:

1. Approve the enclosed Regulations on Implementation of Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change.
2. Any projects under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change to be approved by the Ministry of Economic Development of the Russian Federation.
3. Authorise Sberbank of Russia (hereafter, the Carbon Unit Operator) to participate in the activities resulting in the receipt, transfer or acquisition of greenhouse gas emission reduction units.
4. The Carbon Unit Operator to ensure financing for the activities related to the transfer and acquisition of carbon units, from the proceeds of contractual carbon unit operations.
5. The Project Design Document which is part of the application package delivered for the approval of projects under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change and accepted for appraisal by the Ministry of Economic Development of the Russian Federation prior to the enactment of this Decree, to be delivered to the Carbon Unit Operator on applicant's application for participation in the screening of the said projects in accordance with the Regulations approved by this Decree.
6. The Ministry of Economic Development of the Russian Federation to develop and approve the procedure for setting the maximum fee for contractual carbon unit operations by the Carbon Unit Operator.
7. The following to be deemed void:
  - Decree of the Government of the Russian Federation No. 332 dated 28<sup>th</sup> May 2007: Procedures for approving and monitoring the progress of projects under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change (Compiled Statutes of the Russian Federation, 2007, No. 23, Article 2797)
  - Clause 13 of amendments to Decrees of the Government of the Russian Federation, approved by Decree of the Government of the Russian Federation No 108 dated 14<sup>th</sup> February 2009 (Compiled Statutes of the Russian Federation, 2009, No. 9, Article 1101).

Vladimir Putin  
Prime Minister of the Russian Federation

APPROVED BY  
Decree of the Government of the Russian Federation  
No 843  
dated 28<sup>th</sup> October 2009

**REGULATIONS**  
**on Implementation of Article 6 of the Kyoto Protocol**  
**to the UN Framework Convention on Climate Change**

1. These Regulations define the procedure for approving and monitoring the progress of projects under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change (hereafter, the Protocol), as well as the receipt, transfer and acquisition of greenhouse gas emission reduction units (hereafter, Emission Reduction Units).
2. In these Regulations, the following terms will have the following meanings:

**Project:** an investment project under Article 6 of the Protocol for the purposes of reducing greenhouse gas emissions from sources and/or enhancing removal by sinks.

**Project Investor:** a Russian legal entity delivering the project in accordance with the specified requirements.

**Focal Point:** the Ministry of Economic Development of the Russian Federation.

**Carbon Unit Operations:** actions taken in accordance with the international requirements and related to the storage, transfer, acquisition and issue of emission reduction units, assigned amount units and removal units, as well as the carry-over of emission reduction units, assigned amount units and removal units registered in the prescribed manner.

**Party:** a country, which is a party to the Protocol.

**Carbon Unit Operator:** Sberbank of Russia.

**International requirements:** requirements governing the development and delivery of projects, verification of project delivery results, issue, transfer and acquisition of Emission Reduction Units, formulated by decisions of the Conference of Parties serving as the meeting of the Parties and/or by international treaties for facilitation of project delivery.

**Independent Auditor:** an organisation authorised by decisions of the Conference of Parties serving as the meeting of Parties to issue a determination report on Project Design Documents and/or to issue a verification report on the project monitoring report in accordance with the international requirements.

3. The Focal Point will be approving projects based on the results of screening of the applications sent in by the Russian legal entities eligible under Clause 8 of these Regulations (hereafter, applications, applicants, respectively).
4. The Carbon Unit Operator will be screening the applications in accordance with the screening rules established by the focal point.
5. The screening rules will establish the following:
  - a) the list of sectors / categories of greenhouse gas emission sources and/or sinks

- b) the limit of emission reduction (removal) units generated by the projects approved through screening (hereafter, the contest cap)
  - c) requirements for the structure and content of applications
  - d) deadline for applications
  - e) screening criteria for applications, including the criteria for energy and environmental efficiency of the expected results of project-related investment activity, the criteria by which it can be determined whether or not the project investor has the technical and financial potential to deliver the announced project results and to deliver the expected economic and social effects from the project
  - f) the appraisal procedure for applications and the appraisal period, which must not exceed 45 days.
6. In the development and approval of the screening rules, the focal point will be governed by the decisions of the Russian Government related to the Russian Federation's commitments to limit greenhouse gas emissions, by the priorities for economic and social development and by the decisions of the Commission of the Russian President for Modernisation and Technological Development of the Russian Economy, established by the Decree of the Russian President No 579 dated 20<sup>th</sup> May 2009.
7. An Application must:
  - a) include the Project Design Document developed on the basis of the investment activity laws and the international requirements
  - b) include a positive determination report on the Project Design Document issued by an independent auditor selected by the applicant
  - c) substantiate the conformity between the announced project parameters and the objectives of enhanced investment target performance in terms of energy and environmental efficiency
  - d) include documents to confirm that the applicant is in compliance with the requirements set forth in these Regulations, *inter alia*, Project Investor's technical and financial potential and the expected economic and social effect from project delivery.
8. The applicant must meet the following requirements as at the day of filing its application:
  - a) It must not be subject to bankruptcy and/or winding-up procedures.
  - b) Its operations must not be subject to suspension contemplated by the Russian Federal Code of Administrative Offences.
  - c) It must not have any tax, fee or other mandatory payments overdue to budgets of any level or to any off-budget government funds for the previous calendar year.
  - d) It must have title to or other interest in the facilities where projects are being or can be delivered.
9. The requirements set forth under items "a" and "c" of Clause 8 of these Regulations do not apply to any organisations entered on the list of enterprises of systemic importance by decisions of the Governmental Commission for Enhanced Sustainability of the Russian Economy, established by Decree of the Government of the Russian Federation No 957 dated 15<sup>th</sup> December 2008.
10. The screening rules for applications will be posted on the official websites of the Focal Point and the Carbon Unit Operator.
11. The applications filed in breach of the requirements set forth by these Regulations will not be appraised. The Carbon Unit Operator will check each application for compliance with

the screening rules, forward a notice to the applicant that the application has been accepted for screening or send a reasoned refusal within 5 business days of receipt of such an application.

For the purposes of due regard to the opinions of any legal entities or individuals whose rights may be affected by the project, the applications accepted for appraisal will be posted on Carbon Unit Operator's official website. The opinions of any such persons whose rights may be affected by the project will be appraised at the time when the screening results are summarised.

12. The Carbon Unit Operator will appraise the applications and assign them the appropriate scores on the basis of the screening criteria contemplated in item "e" of Clause 5 of these Regulations.
13. For the purposes of approving appraisal results and developing recommendations for the Focal Point, the Carbon Unit Operator will establish the expert council, the line-up and rules of procedure for which will be agreed with the Focal Point.
14. The appraisal results and the expert council's recommendations to approve applications will be drawn as minutes, which the carbon unit operator will deliver to the focal point within 3 business days after the meeting of the expert council.
15. Within 10 business days of receipt of the Minutes the Focal Point will decide to approve the projects or will send a reasoned refusal to the Carbon Unit Operator.

A project may be rejected owing to a Carbon Unit Operator's failure to observe the screening rules, which failure has affected the results of screening, and/or owing to a breach of the requirements of these Regulations.

16. The Focal Point will notify the applicants of the decision to approve the projects within 5 business days of such a decision having been made.
17. The approved projects will be registered in the Project Register maintained by the Focal Point and will be posted on its official website.

The Focal Point will establish the Project Register maintenance procedures.

18. The Register will contain the following details:

- a) the name of the project investor
- b) a description of the project
- c) the planned volumes of greenhouse gas emission reductions (removals)
- d) the project implementation period

19. The applicant will be recognised as the Project Investor upon approval of the project.
20. Upon approval of the projects the Focal Point will decide to transfer the Assigned Amount Units in the volume equal to the contest cap to Carbon Unit Operator's account in the Russian Carbon Register.
21. Projects will be implemented in accordance with the Project Design Document.

The project investor will notify the Carbon Unit Operator of any changes in the dates and/or stages of works contemplated by the Project Design Document, giving the reasons

for such changes and describing the actions it takes to revert to the original project implementation schedule.

The Project Investor may introduce to the project such changes as do not result in a deterioration of the project's energy and environmental performance and as are agreed with the Focal Point.

22. The Project Investor will be submitting to the Focal Point and the Carbon Unit Operator a project monitoring report every year before the 30<sup>th</sup> day of September of the year following the year in review.

The project monitoring report, to be filed as a hard copy and in an electronic format, will specify the following details:

- a description of the actions taken in accordance with the Project Design Document
- information on the differential between the planned and the actual emission from source and/or between the planned and the actual removals by sinks (hereafter, the project emission reduction)
- a verification report on the project monitoring report, including an evaluation of correspondence between the actual project emission reduction generated by the project and the numbers indicated in the Project Design Document; such a verification report to be provided by an independent auditor selected by the Project Investor.

The Investor may submit interim project monitoring reports in the course of the year.

23. If the verification report on the project monitoring report is positive, the Focal Point, guided by the international requirements and within 5 business days after receipt of the appropriate application from the Project Investor, will decide to issue Emission Reduction Units in the amount equal to the project emission reduction, but not higher than indicated in the Project Design Document, by transforming the appropriate amount of Assigned Amount Units in the Carbon Unit Operator's account.

The said Emission Reduction Units will be credited to the Carbon Unit Operator's account in the Russian Carbon Register.

24. The Focal Point will monitor:

- timely submission of progress reports and their compliance with the requirements set forth in these Regulations
- compliance by the project investor with the requirements set forth in Clause 8 of these Regulations
- activities in which the Carbon Unit Operator is engaged to perform its functions as contemplated by these Regulations through quarterly reports to be submitted by the Carbon Unit Operator to the Focal Point. The reporting format will be developed by the Focal Point.

25. The Focal Point will strike the project off the Register:

- a) if the project investor has repeatedly (more than twice) failed to comply with the deadlines for progress reports as contemplated by these Regulations
- b) if a negative opinion has been given on a progress report
- c) if the legal entity, which is the Project Investor, has been wound up.

26. The Focal Point will post information on the projects stricken off the Project Register on its official website.
27. The Carbon Unit Operator will transfer the Emission Reduction Units corresponding to the project to third party carbon accounts:
- a) on application from the Project Investor
  - b) on the authority of the progress report
  - c) on the authority of the agreement between the project investor and a third party, agreed with the Carbon Unit Operator.
28. The Carbon Unit Operator will act in the interests of project investors and other third parties interested in Carbon Unit Operations, on a contractual basis.
- The Ministry of Economic Development of the Russian Federation will establish the procedure setting the maximum fee for contractual Carbon Unit Operations.
29. The Focal Point will be submitting progress reports related to the furthering of these Regulations, to the Russian Government every year, before the 31<sup>st</sup> day of March of the year following the year in review.
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