DETERMINATION REPORT VEMA S.A.

DETERMINATION OF THE MODERNIZATION OF ELECTRIC POWER DISTRIBUTION SYSTEM AT PJSC "PC "KHERSONOBLENERGO"

REPORT NO.UKRAINE-DET/0268/2011

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VEMA S.A.	Fabian Knodel

Summary:

Bureau Veritas Certification has made the determination of the "Modernization of electric power distribution system at PJSC "PC "Khersonoblenergo" project of VEMA S.A. located in Kherson region, Ukraine, 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 6 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 Requests, Corrective Actions Requests and Forward Actions Requests (CL, CAR and FAR), 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 correctly applies Guidance on criteria for baseline setting and monitoring and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria.

Report No.:	Subject Group:
UKRAINE-det/0268/2011	JI

Project title:

Modernization of electric power distribution system at PJSC "PC "Khersonoblenergo"

Work carried out by:

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Bureau Veritas Certification Holding SAS

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Abbreviations

AIE	Accredited Independent Entity
BVC	Bureau Veritas Certification Holding SAS
CAR	Corrective Action Request
CDM	Clean Development Mechanism
CL	Clarification Request
CO_2	Carbon Dioxide
DFP	Designated Focal Point
DVM	Determination and Verification Manual
EIA	Environmental Impact Assessment
ERU	Emission Reduction Unit
ETL	Electricity transmission lines
FAR	Forward Action Request
GHG	Green House Gas(es)
GWP	Global Warming Potential
IPCC	Intergovernmental Panel on Climate Change
JI	Joint Implementation
JISC	Joint Implementation Supervisory Committee
MP	Monitoring Plan
NGO	Non Government Organization
PDD	Project Design Document
UNFCCC	United Nations Framework Convention for Climate Change

1 INTRODUCTION

VEMA S.A. has commissioned Bureau Veritas Certification to determine its JI project “Modernization of electric power distribution system at PJSC “PC “Khersonoblenergo” (hereafter called “the project”) located in Kherson region, Ukraine.

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 validated 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 emissions reductions units (ERUs).

UNFCCC criteria refer to Article 6 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.

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, corrective and/or forward actions may provide input for improvement of the project design.

1.3 Determination team

The determination team consists of the following personnel:

Igor Kachan
Team Leader, Bureau Veritas Certification Climate Change Lead Verifier

Victoria Legka
Team Member, Bureau Veritas Certification Climate Change Verifier

Julia Berdnikova

Team Member, Bureau Veritas Certification Technical Specialist

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Team Member, Bureau Veritas Certification Financial Specialist

This determination report was reviewed by:

Ivan Sokolov
Bureau Veritas Certification Internal Technical Reviewer

Daniil Ukhanov
Bureau Veritas Certification Technical Specialist

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 version 01 of the Joint Implementation Determination and Verification Manual, issued by the Joint Implementation Supervisory Committee at its 19 meeting on 04/12/2009. The protocol shows, in a transparent manner, criteria (requirements), means of determination 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 determiner will document how a particular requirement has been determined and the result of the determination.

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

2.1 Review of Documents

The Project Design Document (PDD) submitted by VEMA S.A. and additional background documents related to the project design and baseline, i.e. country Law, Guidelines for users of the joint implementation project design document form, Guidance on criteria for baseline setting and monitoring, Kyoto Protocol, Clarifications on Determination Requirements to be checked by a Accredited Independent Entity were reviewed.

To address Bureau Veritas Certification corrective action and clarification requests, VEMA S.A. revised the PDD version 1 and resubmitted it as version 2 dated 07/07/2011 which is deemed final.

The determination findings presented in this report relate to the project as described in the PDD versions 1 and 2.

2.2 Follow-up Interviews

On 05/05/2011 Bureau Veritas Certification conducted a visit to the project site (PJSC "PC "Khersonoblenergo") and performed interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of VEMA S.A. and PJSC "PC "Khersonoblenergo" were interviewed (see References). The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
PJSC "PC "Khersonoblenergo"	➢ Project history ➢ Project approach ➢ Project boundary ➢ Implementation schedule ➢ Organizational structure ➢ Responsibilities and authorities ➢ Training of personnel ➢ Quality management procedures and technology ➢ Rehabilitation/Implementation of equipment (records) ➢ Metering equipment control ➢ Metering record keeping system, database ➢ Technical documentation ➢ Monitoring plan and procedures ➢ Permits and licenses ➢ Local stakeholder's response.
Consultant: VEMA S.A.	➢ Baseline methodology ➢ Monitoring plan ➢ Additionality proofs ➢ Calculation of emission reduction.

2.3 Resolution of Clarification, Corrective Actions and Forward Actions Requests

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

Corrective Action Requests (CAR) is issued, where:

(a) The project participants have made mistakes that will influence the ability of the project activity to achieve real, measurable additional emission reductions;
(b) The JI requirements have not been met;
(c) There is a risk that emission reductions cannot be monitored or calculated.

Forward action request (FAR) informs the project participants of an issue, relating to project implementation but not project design, which needs to be reviewed during the first verification of the project.

The determination team may also use the term Clarification Request (CL), if information is insufficient or not clear enough to determine whether the applicable JI requirements have been met.

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

3 PROJECT DESCRIPTION

The project which is being implemented at the Public Joint Stock Company “Khersonoblenergo” (hereinafter PJSC “PC “Khersonoblenergo”) envisages the implementation of the program on the technical improvement of electrical networks and equipment, advanced technologies implementation, the transition to a higher level of organization of transmission and distribution of electric energy which are aimed at improvement of the reliability and efficiency of electricity transmission in distribution electrical grids of PJSC “PC “Khersonoblenergo”. This in turn will help to reduce the amount of electricity that is lost during its transportation to the consumers of all forms of ownership, so the production of electricity at power plants will decrease causing the corresponding reduction of fossil fuels used to produce electric power and thus decrease of the GHG emissions in comparison to the situation that would exist without project implementation.

The proposed project is being implemented on the territory of the Kherson city and Kherson region, where the distribution electrical grids of PJSC "PC "Khersonoblenergo" are situated. The electrical grids are complex technical systems in terms of their structure, organization of operation and the principles of managing. They include electrical equipment and devices for electricity transmission and distribution.

Most equipment that operated before the project implementation in the grids of PJSC "PC "Khersonoblenergo" was already morally and physically obsolete, but because of insufficient funding and operational reserve of existing equipment, it could further be exploited. In addition, changing of the existing situation was possible on condition of not only changes of the technical provision of the grid, but also improvement of organizational structures, and this also required financial and human resources. Prior to the project implementation PJSC "PC "Khersonoblenergo" had only carried out measures aimed at maintaining electrical grids in operational state. In most cases, these measures included repairs intended to correct defects arising during the operation of the electrical grids.

In December 2002 the management of PJSC "PC "Khersonoblenergo" made a decision to implement the JI project "Modernization of electric power distribution system at PJSC "PC "Khersonoblenergo" at the enterprise during a board meeting on 22/12/2002. The proposed project implies modernization and rehabilitation works in electrical grids and installation of new energy efficient equipment; improvement of the reliability of electricity supply to electricity consumers; introduction of automated system of electricity consumption commercial recording within the framework of the power supply company, consumers and sub-plants etc., that aim at reduction of power losses when transporting electric power via distribution electrical grids to the consumers. Measures which are implemented under the project, as well as application and implementation of ongoing monitoring of possible sources of loss and preventing from their occurrence allows to reduce significantly energy losses in the electrical grids of PJSC "PC "Khersonoblenergo" .

In the absence of the project activity the existing equipment would be further used with routine repairs and recovery work without significant investment. Losses of electricity in the electrical grids would remain at the same level, leading to greenhouse gases emissions due to burning of fossil fuels at power generating companies at the pre-project level. This scenario is considered as a baseline.

4 DETERMINATION CONCLUSIONS

In the following sections, the conclusions of the determination are stated.

The findings from the desk review of the original project design documents and the findings from interviews during the follow up visit are described in the Determination Protocol in Appendix A.

The Clarification Requests, Corrective Action Requests and Forward 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 33 Corrective Action Requests, 2 Clarification Requests and 1 Forward Action.

The numbers between brackets at the end of each section correspond to the DVM paragraph.

4.1 Project approvals by Parties involved (19-20)

The project has already been supported by the Government of the host Party (Ukraine), namely by the National Environmental Investment Agency of Ukraine, which has issued a Letter of Endorsement for the Project (Letter of Endorsement №1384/23/7 dated 31/05/2011). Bureau Veritas Certification received this letter from the project participants and does not doubt its authenticity.
As for the present moment no written approvals of the project by Parties involved are available. After receiving Determination Report from the Accredited Independent Entity the project documentation will be submitted to the Ukrainian Designated Focal Point (DFP) which is National Environmental Investment Agency of Ukraine, for receiving a Letter of Approval. The written approval by another Party involved, Switzerland, will be obtained later on.

As the project has no approvals by the Parties involved, CAR08 remains pending (refer to the Appendix A).

4.2 Authorization of project participants by Parties involved (21)

The official authorization of each legal entity listed as project participant in the PDD by Parties involved will be provided in the written project approvals (refer to 4.1 above).

4.3 Baseline setting (22-26)

The PDD explicitly indicates that using a methodology for baseline setting and monitoring developed in accordance with appendix B of the JI guidelines (hereinafter referred to as JI specific approach) was the selected approach for identifying the baseline. Due to the fact that there is no approved CDM baseline and monitoring methodology which is

applicable in its totality and without any revisions to the project type, the JI specific approach is applied.

The PDD provides a detailed theoretical description in a complete and transparent manner, as well as justification, that the baseline is established:

(a) By listing and describing the following plausible future scenarios on the basis of conservative assumptions and selecting the most plausible one:

   a. Continuation of the existing situation without implementation of JI Project (business-as-usual);
   b. The proposed project activity without JI component;
   c. Partial implementation of the project activity (implementation of not all project measures and equipment) without using JI incentive.

(b) Taking into account relevant national and sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector. In this context, the following key factors that affect a baseline are taken into account:

   a. As stated in the Decision "On the market development of energy resources within the Energy Strategy of Ukraine till 2030" issued by National security and defence council of Ukraine of 05/06/2009, within the existing model electricity market could not fully ensure effective competition among manufacturers and suppliers of electricity and formation of prices for electricity that would encourage energy companies to increase efficiency and increase investment in the energy sector. Neither existing market mechanisms, nor direct administrative measures ensured the necessary modernization and renewal of existing production capacities of the power production and power supply companies. A limited number of projects to upgrade and reconstruct power plants and power grids were accepted for execution. The situation is especially critical given the growth in the nearest future of need for shunting capacities, lack of which threatens the safe operation of the united power system of Ukraine. Imperfect tariff policy also leads to increase in credit indebtedness of generating companies, causing their bankruptcy or non-transparent privatization.
   b. The elimination of the negative effect causing electric power losses during its transportation to the customers, such as low technical condition of grids, inconsistency between electrical

grids and existing levels of load, noncompliance of the number of electric power parameters with applicable quality standards, discrepancies in the existing accounting of electricity supplied to the electric grid and electricity consumed, requires considerable investments to modernize electrical systems and change existing monitoring systems of electricity consumed, practical implementation of which will help reduce both technical and above standard losses of electricity.

c. The structure of existing tariffs for electric energy is regulated by the state and don't take into consideration amortization and investment needs of electric energy suppliers. This situation leads to a constant shortage of funds and inability to timely complete major repairs, provide equipment operation and invest in modernization and development electricity supply infrastructure.
d. Existing legal norms and regulations do not obligate PJSC "PC "Khersonoblenergo" to pursue the modernization of electricity distribution grids. The legislation allows for the losses in the electrical grids. Only the frequency with which energy supplying organizations must carry out calculation of regulatory power losses in the electrical grid is set by the standards. Monitoring of compliance with regulations is made by the calculation of normative losses once a year.
e. The project scenario requires substantial additional investment and has a very big payback period and high risks, so it is unattractive for investors.
f. The wholesale electricity market faces problems related to debts of its participants and their imbalance.

All explanations, descriptions and analyses pertaining to the baseline in the PDD were found adequate and the baseline is identified appropriately. The baseline scenario assumes a continuation of practice existed prior to the project implementation with the introduction of minimum repairs on the background of the overall deterioration of electricity supply system; the electrical power would still be transported with significant losses in the grid.

The identified areas of concern as to the baseline setting, project participants' response and BVC's conclusion are described in Appendix A, Table 2 (refer to CAR09, CAR10, CAR11, CAR12, CAR13).

4.4 Additionality (27-31)

The most recent version of the "Tool for the demonstration and assessment of additionality" (Additionality Tool) approved by the CDM Executive Board was used, in accordance with the JI specific approach, defined in paragraph 2(c) of the annex I to the "Guidance on criteria for baseline setting and monitoring". All explanations, descriptions and analyses are made in accordance with the selected tool.

The PDD provides a justification of the applicability of the approach. Due to the fact that there is no approved CDM baseline and monitoring methodology which is applicable to the project type, the Additionality Tool is applied which is considered as a good practice for additionality justification.

Additionality proofs are provided. Three realistic and credible alternative scenarios to the project activity were identified and proven to be in compliance with mandatory legislation and regulations taking into account the enforcement in Ukraine. The investment analysis was used for demonstrating and assessing of the proposed project's additionality according to the Additionality Tool.
As an analysis method the simple cost analysis was used. This analysis method is applied because to the fact that the proposed project activity generates no financial or economic benefits other than JI related income which is appropriately justified in the PDD. The structure of existing tariffs for electric energy is regulated by the state, and PJSC "PC "Khersonoblenergo" can not set prices (tariffs) for services provided, namely transmission and supply of electricity, and due to the existing Procedure for the tariffs for electricity transmission and supply formation, reducing energy losses will not bring any additional income to the enterprise. The project activity requires big amount of investment; without ERU revenue the project will be financially unattractive and would not have been as a potential investment option without the JI component.

Thus, the overall conclusion is that the project activity meets additionality criteria, is not the baseline scenario and is additional.

The PDD provides a justification of the applicability of the approach with a clear and transparent description. Traceable and transparent information showing that the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to reductions of anthropogenic emissions by sources of GHGs was also provided. Additionality is demonstrated appropriately as a result of the analysis using the approach chosen.

The identified areas of concern as to the additionality, project participants' response and BVC's conclusion are described in Appendix A, Table 2 (refer to CAR14, CAR15, CL01).

4.5 Project boundary (32-33)

Electricity transportation through the distribution electrical grids to the consumer of all forms of ownership is associated with such GHG emissions as CO_2 emissions as a result of electricity losses during transportation that was obtained in the process of fossil fuel combustion at the electricity generating companies. Thus, combustion of the fossil fuel at the heat power plants attributable to the generated electricity, which is transported through electricity distribution grids in baseline and project scenario, is the only emission source in the project. The project boundary defined in the PDD encompasses all anthropogenic emissions by sources of greenhouse gases (GHGs) that are:

(i) Under the control of the project participants;

(ii) Reasonably attributable to the project; and

(iii) Significant, i.e., as a rule of thumb, would by each source account on average per year over the crediting period for more than 1 per cent of the annual average anthropogenic emissions by sources of GHGs, or exceed an amount of 2,000 tonnes of CO_2 equivalent, whichever is lower.

The delineation of the project boundary and the gases and sources included are appropriately described and justified in the PDD. AIE hereby confirms that the identified boundary and the selected sources and gases are justified for the project activity.

The identified areas of concern as to the project boundary, project participants' response and BVC's conclusion are described in Appendix A, Table 2 (refer to CAR16, CAR17).

4.6 Crediting period (34)

The PDD states the starting date of the project as the date on which the implementation or construction or real action of the project began, and the starting date is 22/12/2002, which is after the beginning of 2000.

The PDD states the expected operational lifetime of the project in years and months, which is 17 years and 7 months.

The PDD states the length of the crediting period in years and months, which is total 17 years and 0 months: 4 year for the period prior to the 1st commitment period (2004 – 2007), 5 years for the 1st commitment period (2008-2012) and 8 years for the period following the 1st commitment period (2013-2020), and its starting date is 01/01/2004, which is after the date the first emission reductions are generated by the project.

The PDD states that the extension of its crediting period beyond 2012 is subject to the host Party approval, and the estimates of emission reductions are presented separately for those until 2012 and those after 2012 in all relevant sections of the PDD.

The identified areas of concern as to the crediting period, project participants' response and BVC's conclusion are described in Appendix A, Table 2 (refer to CAR18, CAR19, CAR20, CAR21).

4.7 Monitoring plan (35-39)

The PDD, in its monitoring plan section, explicitly indicates that JI specific approach was selected.

The monitoring plan describes all relevant factors and key characteristics that will be monitored, and the period in which they will be monitored, in particular also all decisive factors for the control and reporting of project performance, such as statistics reporting forms; quality control (QC) and quality assurance (QA) procedures; the operational and management structure that will be applied in implementing the monitoring plan.

The monitoring plan specifies the indicators, constants and variables that are reliable (i.e. provide consistent and accurate values), valid (i.e. be clearly connected with the effect to be measured), and that provide a transparent picture of the emission reductions to be monitored such as electricity losses due to the introduction of new or reconstruction of existing double-winding and three-winding transformers, existing wires of cable electricity transmission lines, electric motors of power transformers blower cooling, electricity lines with distributed load, branches, of reactive power compensation devices at consumer's place in the monitoring period under the project as well as electricity losses in the absence of the introduction or reconstruction of these types of equipment in the respective period under the baseline scenario; replacement of insulators at ETL, signalling lamps by emitting diodes, electricity meters, breakers during the monitoring period and electricity losses in the absence of these measures implementation in the respective period under baseline scenario; electricity losses caused by the systemic effect due to the implementation (or its absence in the baseline) of new and reconstruction of existing elements and segments of the electric grid; nominal load of

double-winding and three-winding transformers; rated power losses of short circuit in a transformer; length of an electricity transmission line; number of replaced insulators, signalling lamps, meters, breakers, electric motors and others; annual number of hours of maximum power use in transformer; length between the beginning of a line and point of consumer connection; current of phases A, B and C of electricity transmission line; volume of electricity that has to be transferred in the monitoring period to the grids of voltage class with the index m for all consumers connected to them (gross consumption); electricity losses factor in grids of voltage class with index m; number of days of the electric motor operation with the respective temperature and other.

The monitoring plan draws on the list of standard variables contained in appendix B of "Guidance on criteria for baseline setting and monitoring" developed by the JISC, such as BE (baseline emissions), PE (project emissions).

The monitoring plan explicitly and clearly distinguishes:

(i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination, such as nominal loads of the double-winding and three-winding transformers; rated power losses of no-load run in the double-winding and three-winding transformers; rated power losses of short circuit in a transformer of high, medium and low voltage; rated specific losses of insulation of certain cable type; rated electricity losses in insulator; specific electricity losses in the absence of implementation of reactive power compensation devices; rated electricity losses per hour in one meter; rated power of a breaker; specific resistance of aluminum for branches and for lines with distributed load; cross section of the wire of n-area for the lines with distributed load and for branches; rated power losses of short circuit in a two-winding and three-winding transformers of high, medium and low voltages; specific reduction of electricity losses at voltage of 0,38 kV, 6-20 kV and 35-154 kV and others.

(ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not already available at the stage of determination, which are absent.

(iii) Data and parameters that are monitored throughout the crediting period, such as number of replaced insulators, breakers, signalling lamp and meters; number of replaced or

reconstructed electric motors; number of sections (branch connections) of phases A, B and C; resistance of one kilometre of wire of corresponding mark of phases A, B, C; length of electricity transmission lines; load resistance, voltage of the previous segment, current of the main segment (at the output of the transformer), voltage at the input of the first segment of the phase A, phase B and phase C phase wires; cosines of the angles between active and gross power in double-winding and three-winding transformer of high, medium and low voltage; number of days of breakers and electric motors operation with a temperature lower that 5 ^{0}C; electricity losses factor in grids of voltage class with index m (without losses in transformers); electricity losses on no-load run in transformer that takes place due to its conversion from grids of voltage class with index n in grids of voltage class with index m; degradation factor of no-load run losses and short circuit in a two-winding transformer; degradation factor of cable insulation; degradation factor of electrical characteristics of a meter; specific resistance of zero and phase wire of the branches; volume of electricity consumed by all consumers connected to grids of voltage class with index n (net consumption); length between the beginning of a line and point of consumer connection and others, and also CO_2 emission factor for the Ukrainian national power grid.

The monitoring plan describes the methods employed for data monitoring (including its frequency) and recording, such as direct measurement with appropriate metering equipment (power meters etc.), calculations based on officially approved sectoral methodologies, data collection with automated system of electric power accounting, reporting using special state reporting forms, with different recording frequency such as monthly or annually and electronic or paper recording method. The respective information for each monitoring parameter is sufficiently described in the section D and Annex 3 of the PDD.

The main indicator of the project implementation is the reduction of actual losses of electricity during its transmission through distribution electrical grid to the consumers of all forms of ownership. The applied methodology, which is based on JI specific approach, considers the reduction of electric power losses that are achieved due to the implementation of each specific project measure.

The monitoring plan elaborates all algorithms and formulae used for the estimation/calculation of baseline emissions and project emissions, such as:

Project emissions are calculated using the following formula:

$$PE_y^P = PE_{y,elem}^P + PE_{y,segm}^P + PE_{y,system}^P,$$

where

$PE_{y,elem}^P$ - GHG emissions due to the introduction of new or reconstruction of existing elements of the power grid in period “y” of the project scenario, tCO2e;

$PE_{y,segm}^P$ - GHG emissions due to the reconstruction of existing segments of the power grid in period “y” of the project scenario, tCO2e;

$PE_{y,system}^P$ - GHG emissions due to systemic effects of the introduction of new or reconstruction of existing elements, as well as segments of the power grid in period "y" of the project scenario, tCO2e;

$[P]$ – index which corresponds to the project scenario;

$[elem]$ – index which corresponds to new or reconstructed electricity transmission lines (ETL);

$[segm]$ – index which corresponds to new or reconstructed segments of electric grid;

$[system]$ – index which corresponds to system-wide effect;

$[y]$ – index, that corresponds to monitoring period.

GHG emissions due to the introduction of new or reconstruction of existing elements of the power grid within the project implementation are defined using the following formula:

$$PE_{y,elem}^P = (W_{y,tran(2)}^P + W_{y,tran(3)}^P + W_{y,line(1)}^P + W_{y,cable}^P + W_{y,insul}^P + W_{y,lamp}^P + W_{y,comp}^P + W_{y,meter}^P + W_{y,switch}^P + W_{y,motors}^P + W_{y,line(2)}^P + W_{y,branch}^P) \cdot EF$$

where

$W_{y,tran(2)}^P$ - electricity losses due to the introduction of new or reconstruction of existing double-winding transformers in year "y" of the project scenario, ths. kWh;

$W_{y,tran(3)}^P$ - electricity losses due to the introduction of new or reconstruction of existing three-winding transformers in year "y" of the project scenario, ths. kWh;

$W_{y,line(1)}^P$ – electricity losses due to the introduction of new or reconstruction of existing wires of electricity transmission lines in period "y" of the project scenario, ths. kWh;

$W_{y,cable}^P$ - electricity losses in insulation due to the introduction of new or reconstruction of existing wires of electricity transmission lines in period "y", of the project scenario, ths. kWh;

$W^{P}_{y,insul}$ - electricity losses due to the introduction of new insulators at electricity transmission lines in period "y" of the project scenario, ths. kWh;

$W^{P}_{y,lamp}$ - electricity losses due to the replacement of signaling lamps with light emitted diodes in period "y" of the project scenario, ths. kWh;

$W^{P}_{y,comp}$ - electricity losses due to the implementation of reactive power compensation devices at consumer's place in period «y» in the project scenario, ths. kWh;

$W^{P}_{y,meter}$ - electricity losses due to the replacement of electric meters, in period "y" of the project scenario, ths. kWh;

$W^{P}_{y,switch}$ - electricity losses due to the replacement of oil switches with vacuum and sulphur hexafluoride switches in period «y» in the project scenario, ths. kWh;

$W^{P}_{y,motors}$ - electricity losses due to replacement or reconstruction of existing electric motors of power transformers blower cooling in period «y» in the project scenario, ths. kWh;

$W^{P}_{y,lins(2)}$ - electricity losses due to the replacement or reconstruction of existing electricity lines with distributed load in period «y» in the project scenario, ths. kWh;

$W^{P}_{y,branch}$ - electricity losses due to the implementation of new or reconstruction of existing branches in period «y» in the project scenario, ths. kWh;

EF – carbon dioxide emission factor, tCO_2/kWh;

$[P]$ – index corresponding to the project scenario;

$[y]$ – index corresponding to the monitoring period.

GHG emissions caused by the reconstruction of existing segments of the electricity network in period "y" of project scenario are calculated with the formula stated below:

$$PE^{P}_{y,segm} = \sum_{i_{12}=1}^{I_{12}} \sum_{n=1}^{N} W^{P}_{y,n,(segm\,n),i_{12}} \cdot EF,$$

where

$W^{P}_{y,n,(segm\,n),i_{12}}$ - electricity losses in element n of the grid's segment before reconstruction of the element that are estimated by means of calculated values of the segment's operating mode after the reconstruction, ths. kWh;

EF – carbon dioxide emissions factor, tCO2/kWh;

$[i_{12}]$ – index that corresponds to certain scheme;

$[segm\,n]$ – index of grid element belonging to the set of elements considered in the project that identifies it in terms of methods of calculating energy losses in the network elements identified in the project;

$[P]$ – index which relates to the project scenario;

$[n]$ – number of segment's element in the grid that existed before reconstruction of the segment in it;

$[y]$ – index corresponding to the monitoring period.

For calculation of the GHG emissions due to systemic effect of the introduction of new or reconstruction of existing elements, as well as segments of the electrical grid implemented under the project, the following formula is used:

$$PE^{P}_{y,system} = W^{P}_{y,system} * EF,$$

where

$W^{P}_{y,system}$ - electricity due to systemic effect due to implementation of new and reconstruction of existing elements and segments of the electrical grid in period «y» in the project scenario, ths. kWh;

EF – carbon dioxide emission factor, tCO2/kWh;

$[P]$ – index which elates to the project scenario;

$[y]$ – index corresponding to the monitoring period.

Baseline emissions are calculated as follows:

$$BE^{B}_{y} = BE^{B}_{y,elem} + BE^{B}_{y,segm} + BE^{B}_{y,system},$$

where

$BE^{B}_{y,elem}$ - GHG emissions in the absence of the introduction of new or reconstruction of existing elements of the power grid in period "y" under the baseline scenario, tCO2e;

$BE^{B}_{y,segm}$ - GHG emissions in the absence of the reconstruction of existing segments of the power grid in period "y" of the baseline scenario, tCO2e;

$BE^{B}_{y,system}$ - - GHG emissions due to systemic effects in the absence of the introduction of new or reconstruction of existing elements, as well as segments of the power grid in period "y" of the baseline scenario, tCO2e;

$[B]$ – – index which corresponds to the baseline scenario;

$[elem]$ – index which corresponds to electricity transmission lines (ETL);

$[segm]$ – index which corresponds to segments of power grid;

$[system]$ – index which corresponds to systemic effect;

[y] – index that corresponds to monitoring period.

GHG emissions in the absence of the introduction of new or reconstruction of existing elements of the power grid within the baseline scenario are determined using the following formula:

$$BE^{B}_{y,elem} = (W^{B}_{y,tran(2)} + W^{B}_{y,trau(3)} + W^{B}_{y,line(1)} + W^{B}_{y,cable} + W^{B}_{y,insul} + W^{B}_{y,lamp} + W^{B}_{y,comp} + W^{B}_{y,meter} + W^{B}_{y,switch} + W^{B}_{y,motors} + W^{B}_{y,line(2)} + W^{B}_{y,branch}) \cdot EF$$

where

$W^{B}_{y,tran(2)}$ - electricity losses in the absence of the introduction of new or reconstruction of existing double-winding transformers in year "y" of the baseline scenario, ths. kWh;

$W^{B}_{y,tran(3)}$ - electricity losses in the absence of the introduction of new or reconstruction of existing three-winding transformers in year "y" of the baseline scenario, ths. kWh;

$W^{B}_{y,line(1)}$ - electricity losses in the absence of the introduction of new or reconstruction of existing wires of electricity transmission lines in period "y" of the baseline scenario, ths. kWh;

$W^{B}_{y,cable}$ - electricity losses in insulation in the absence of the introduction of new or reconstruction of existing wires of electricity transmission lines in period "y" of the baseline scenario, ths. kWh;

$W^{B}_{y,insul}$ - electricity losses in the absence of the replacement of defected insulators of electricity transmission lines, in period "y" of the baseline scenario, ths. kWh;

$W^{B}_{y,lamp}$ - electricity losses in the absence of the replacement of signalling lamps with light emitting diodes, in period "y" of the baseline scenario, ths. kWh;

$W^{B}_{y,comp}$ - electricity losses in the absence of the implementation of reactive power compensation devices at consumer's place in period «y» in the baseline scenario, ths. kWh;

$W^{B}_{y,meter}$ - electricity losses in the absence of the replacement of electric meters, in period "y" of the baseline scenario, ths. kWh;

$W^{B}_{y,switch}$ - electricity losses in the absence of the replacement of oil switches with vacuum and sulphur hexafluoride switches in period «y» in the baseline scenario, ths. kWh;

$W^{B}_{y,motors}$ - electricity losses in the absence of replacement or reconstruction of existing electric motors of power transformers blower cooling in period «y» in the baseline scenario, ths. kWh;

$W^{B}_{y,line(2)}$ - electricity losses in the absence of the replacement or reconstruction of existing electricity lines with distributed load in period «y» in the baseline scenario, ths. kWh;

$W^{B}_{y,branch}$ - electricity losses in the absence of the implementation of new or reconstruction of existing branches, in period «y» in the baseline scenario, ths. kWh;

EF – carbon dioxide emission factor, tCO2/kWh;

$[B]$ – index which corresponds to the baseline scenario;

$[y]$ – index relating to the monitoring period.

For calculation of GHG emissions in the absence of the reconstruction of existing segments of the electricity grid in period "y" in the baseline scenario the following formula is applied:

$$BE^{B}_{y,segm} - \sum_{i_{12}=1}^{i_{12}} \sum_{n=1}^{N} W^{B}_{y,n,(segm\,n),i} \cdot EF,$$

where

$W^{B}_{y,n,(segm\,n),i_{12}}$ - electricity losses in element n of the grid's segment before reconstruction of the element that are estimated by means of calculated values of the segment's operating mode after the reconstruction, ths. kWh;

EF – carbon dioxide emissions factor, tCO2/kWh;

$[i_{12}]$ – index that corresponds to certain scheme;

$[segm\,n]$ – index of grid element, which belongs to the set of elements considered in the project, that identifies it in terms of methods of calculating energy losses in elements of grid, identified in the project;

$[B]$ – index which corresponds to the baseline scenario;

$[n]$– number of element of grid segment, that existed before reconstruction of segment in it;

$[y]$ – index relating to the monitoring period.

GHG emissions in the absence of systematic effect from the implementation of new or reconstruction of existing elements and segments of the electrical grid in the baseline scenario are calculated with the formula:

$$BE^{B}_{y,system} = W^{B}_{y,system} * EF,$$

Where

$W^{B}_{y,system}$ – electricity losses in the absence of systemic effect in the absence of implementation of new and reconstruction of existing elements and segments of the electrical grid in period «y» in the baseline scenario, ths. kWh;

EF – carbon dioxide emissions factor, tCO2/kWh;

$[B]$ – index which corresponds to the baseline scenario;

$[y]$ – index relating to the monitoring period.

Emission reductions are calculated with the following formula:

$$ER^{y} = BE^{B}_{y} - PE^{P}_{y}$$

where,

ER^{y} – emission reduction due to the project activity during the monitoring period «y», tCO2e;

BE^{B}_{y} – GHG emissions from burning fossil fuels for production of electricity that is lost in the distribution electrical grid in period «y» under the baseline scenario, tCO2e;

PE^{P}_{y} – GHG emissions from burning fossil fuels for production of electricity that is lost in the distribution electrical grid in period «y» under the project scenario, tCO2e;

$[y]$ - relates to the monitoring period;

$[B]$- relates to baseline scenario;

$[P]$- relates to project scenario.

The monitoring plan presents the quality assurance and control procedures for the monitoring process which are described in the section D.2 and Annex 3 of the PDD. This includes information on calibration and on how records on data and method validity and accuracy are kept and made available on request.

The monitoring plan clearly identifies the responsibilities and the authority regarding the monitoring activities. Operational structure includes enterprise's operational departments (repair-and-renewal operations, etc.) and personnel for operation of the distribution electrical grids. Detailed operational and management structure in presented on the figure 12 in the section D.3 of the PDD. The project monitoring is to be conducted

according to standard operational practices established at the enterprise within the existing system of the data collection, accounting and reporting. The scheme of data collection using automated system of electricity consumption commercial recording within the framework of the energy supply company is provided on the figure 13 in the PDD. The diagram of the data collection prior to implementation of the automated system of electricity consumption commercial records is also presented in the PDD (section D.3, fig.14).

On the whole, the monitoring plan reflects good monitoring practices appropriate to the project type.

The monitoring plan provides, in tabular form, a complete compilation of the data that need to be collected for its application, including data that are measured or sampled and data that are collected from other sources (e.g. official statistics, expert judgment, proprietary data, commercial and scientific literature etc.) but not including data that are calculated with equations.

The monitoring plan indicates that the data monitored and required for verification are to be kept for two years after the last transfer of ERUs for the project.

The identified areas of concern as to the monitoring plan, project participants' response and BVC's conclusion are described in Appendix A, Table 2 (refer to CAR22, CAR23, CAR24, CAR25, CAR26, CAR27, CAR28, CAR29, FAR1).

4.8 Leakage (40-41)

The PDD appropriately describes an assessment of the potential leakage of the project and appropriately explains which sources of leakage are to be calculated, and which can be neglected.

The project envisages installation of hexafluoride circuit breakers and current transformers, which currently are widely used in the energy sector to transport electric energy in distribution electricity grids. They are characterized by high reliability, durability, simplicity of construction and installation as well as safety. A sulfur hexafluoride (SF6) fulfils the function of arc control and heat insulating medium in such equipment. The BVC's determination team has checked the relevant installed equipment and manufacture's specifications and can confirm its reliable smooth operation for 25 years without depressurization of the equipment's chamber. This is ensured by the system of leak-proof control. Based on this, the determination team can conclude that leakages of SF6 are absent and was reasonably excluded from the project boundaries.

Indirect extraneous leakage of CO_2, CH_4, N_2O from fuel extraction and its transportation is the only source of the potential leakage, however it can not be measured and it is impossible to estimate its quantity, thus it can be neglected.

Therefore, leakage emissions are considered zero.

The identified areas of concern as to the leakage, project participants' response and BVC's conclusion are described in Appendix A, Table 2 (refer to CL02).

4.9 Estimation of emission reductions (42-47)

The PDD indicates assessment of emissions in the baseline scenario and in the project scenario as the approach chosen to estimate the emission reductions generated by the project.

The PDD provides the ex ante estimates of:

(a) Emissions for the project scenario (within the project boundary), which are 257244 tons of CO2eq for 2004-2007, 1725027 tons of CO2eq for 2008-2012 and 3263328 for 2013-2020;

(b) Leakage, which is considered equal zero tons of CO_2eq;

(c) Emissions for the baseline scenario (within the project boundary), which are 608317 tons of CO2eq for 2004-2007, 4060296 tons of CO2eq for 2008-2012 and 7662920 for 2013-2020;

(d) Emission reductions adjusted by leakage (based on (a)-(c) above), which are 351073 tons of CO2eq for 2004-2007, 2335269 tons of CO2eq for 2008-2012 and 4399592 for 2013-2020.

The estimates referred to above are given:

(a) On an annual basis;

(b) From 01/01/2004 to 31/12/2020, covering the whole crediting period;

(c) On a source-by-source basis;

(d) For each GHG gas, which is CO_2;

(e) In tonnes of CO_2 equivalent, using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol;

The formulas used for calculating the estimates referred above are the same as those used for project monitoring and described in the section 4.7 above. All formulas are consistent throughout the PDD.

For calculating the estimates referred to above, key factors, influencing the baseline emissions and the activity level of the project and the emissions as well as risks associated with the project were taken into account, as appropriate.

Data sources used for calculating the estimates referred to above, such as actual historical monitored data, forecasts, national officially approved data on CO_2 emission factor for Ukrainian power grid, ERUPT study of carbon emission factor for Ukraine, equipment specifications etc., are clearly identified, reliable and transparent.

Emission factor, such as CO_2 emission factor for power grid of Ukraine, was selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.

The estimation referred to above is based on conservative assumptions and the most plausible scenarios in a transparent manner.

The estimates referred to above are consistent throughout the PDD.

The annual average of estimated emission reductions over the crediting period is calculated by dividing the total estimated emission reductions over the crediting period by the total months of the crediting period, and multiplying by twelve.

The identified areas of concern as to the estimation of emission reductions, project participants' response and BVC's conclusion are described in Appendix A, Table 2 (refer to CAR30, CAR31, CAR32, CAR33).

4.10 Environmental impacts (48)

Under the legislative framework of Ukraine, specifically the Law of Ukraine "On Environmental Protection" and DBN A.2.2-1-2003 "Structure and Content of Environmental Impact Assessment (EIA), when Designing and Constructing Factories, Buildings and Facilities" PJSC "PC "Khersonoblenergo" is not obliged to carry out Environmental Impact

Assessment (EIA) for this project type. Therefore, EIA has not been carried out.

The project has no negative effect on the environment. The only environmental impact can be caused by the dismantled equipment. It is envisaged that this equipment will further be used as secondary raw material.

Transboundary impacts from the project activity according to their definition in the text of "Convention on transboundary long-distance pollution", ratified by Ukraine, will not take place.

PJSC "PC "Khersonoblenergo" has all necessary permits and licences for maintenance and operation of electrical grids.

4.11 Stakeholder consultation (49)

Since the project activities do not imply any negative environmental impact and negative social effect, special public hearings were not necessary. Consultations with stakeholders were held at meetings with local authorities. Moreover, information on the activities under the project is presented in regional media, on television, and on the official website of the PJSC "PC "Khersonoblenergo".

5 SUMMARY AND REPORT OF HOW DUE ACCOUNT WAS TAKEN OF COMMENTS RECEIVED PURSUANT TO PARAGRAPH 32 OF THE JI GUIDELINES

No comments, pursuant to paragraph 32 of the JI Guidelines, were received.

6 DETERMINATION OPINION

Bureau Veritas Certification has performed a determination of the "Modernization of electric power distribution system at PJSC "PC "Khersonoblenergo" Project in Kherson region, Ukraine. The determination was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

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

outstanding issues and the issuance of the final determination report and opinion.

Project participants used the latest tool for demonstration of the additionality. In line with this tool, the PDD provides investment analysis, and common practice analysis to determine that the project activity itself is not the baseline scenario.

Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

The determination revealed one pending issue related to the current determination stage of the project: the issue of the written approval of the project by the host Party. If the written approval by the host Party is awarded, it is our opinion that the project as described in the Project Design Document, Version 02 meets all the relevant UNFCCC requirements for the determination stage and the relevant host Party criteria.

The review of the project design documentation (version 02) and the subsequent follow-up interviews have provided Bureau Veritas Certification with sufficient evidence to determine the fulfillment of stated criteria. In our opinion, the project correctly applies and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria.

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

7 REFERENCES

Category 1 Documents:
Documents provided by the project participants that relate directly to the GHG components of the project.

/1/ PDD “Modernization of electric power distribution system at PJSC “PC “Khersonoblenergo” , version 1 dated 17/02/2011

/2/ PDD “Modernization of electric power distribution system at PJSC “PC “Khersonoblenergo”, version 2 dated 07/07/2011

/3/ Calculation of emission reductions, Excel file, Accompanying Document #1

/4/ Calculation of technical electricity losses in the distribution grids of PJSC “PC “Khersonoblenergo”, Excel spreadsheets, Accompanying

package of documents #2

/5/ Letter of Endorsement №1384/23/7 on the JI project Modernization of electric power distribution system at PJSC "PC "Khersonoblenergo" dated 31 May, 2011, issued by National Environmental Investment Agency of Ukraine

/6/ Minutes of the PJSC "PC "Khersonoblenergo" board meeting regarding JI project implementation dated 22/12/2002

Category 2 Documents:
Background documents related to the design and/or methodologies employed in the design or other reference documents.

/1/ Guidelines for Users of the Join Implementation Project Design Document Form, version 04, JISC
/2/ Joint Implementation Project Design Document Form, version 01
/3/ Guidance on Criteria for Baseline Setting and Monitoring, version 02, JISC.
/4/ Glossary of JI terms, version 03, JISC.
/5/ Tool for the demonstration and assessment of additionality, Version 05.2
/6/ JISC "Clarification regarding the public availability of documents under the verification procedure under the Joint Implementation Supervisory Committee." Version 03
/7/ Decree of Cabinet of Ministers of Ukraine #206, dated 22/02/2006
/8/ The Decision of the National Security and Defense Council of Ukraine "On the market development of energy resources within the Energy Strategy of Ukraine till 2030" of 05/06/2009
/9/ Concept of functioning and development of the wholesale electricity market of Ukraine, approved by the Cabinet of Ministers of Ukraine of 16 November 2002
/10/ Order of 25.03.2002, № 289 "On approval of the report on the activities of NERC in 2001"
/11/ Law of Ukraine "On electric power"
/12/ Law of Ukraine "On metrology and metrological activity"
/13/ Order of the Cabinet of Ministers of Ukraine of 15 August 2005 № 745 "On the transition to unified tariffs on electricity sold to consumers"
/14/ Decree № 309 of the National electricity regulatory commission of Ukraine (NERC) of 10.03.1999 "On electricity tariffs, which is released to the population and settlements"
/15/ Decree № 47 the National electricity regulatory commission of Ukraine (NERC) of 22.01.2001 "On approval of the procedure for formation of retail tariff for electricity to consumers (except population and population settlements) by the licensees that supply

electricity at regulated rates"

/16/ Decree № 654 of National electricity regulatory commission of Ukraine (NERC) s of 25.05.2006 "On approval of the procedure for filing, determination and approval of economic factors of standardized technical electricity losses"

/17/ State building norms DBN A.2.2-1-2003 "Structure and Content of Environmental Impact Assessment (EIA) when Designing and Constructing Factories, Buildings and Structures"

/18/ "Methodology for Determination of energy losses in transformers and power lines", approved by Ministry of Energy sector of Ukraine, on February 18, 1998

/19/ Annex 7 (4) to the Agreement between the members of the wholesale electricity market of Ukraine dated 15/11/1996 (revision of 16/02/2007) "General technical requirements to the automated system of commercial accounting of the wholesale electricity market of Ukraine"

/20/ The concept of building automation systems of accounting electric power in energy market, approved by a joint order of Ministry of Energy, NERC, State Committee for State Standard, State Building and State industrial policy of Ukraine # 32/28/28/276/75/54 of 17.04.2006

/21/ Methods of compiling the balance of power structure in electrical networks of 0.38-150 kW, analysis of its components and electricity technological losses rate setting. GND 34.09.104-2003

/22/ Operational Guidelines for Project Design Documents of Joint Implementation Projects, Volume 1: General guidelines, version 2.3, Ministry of Economic Affairs of the Netherlands

/23/ "Ukraine - Assessment of new calculation of CEF", approved by TUV SUD of 17/08/2007

/24/ Order of the National Environmental Investment Agency of Ukraine (NEIA) № 43 of 28/03/2011 on approval of specific carbon dioxide emission indicators for 2010

/25/ Order of the National Environmental Investment Agency of Ukraine (NEIA) № 62 of 15/04/2011 on approval of specific carbon dioxide emission indicators for 2008

/26/ Order of the National Environmental Investment Agency of Ukraine (NEIA) № 63 of 15/04/2011 on approval of specific carbon dioxide emission indicators for 2009

/27/ Order of the National Environmental Investment Agency of Ukraine (NEIA) № 75 of 12/05/2011 on approval of specific carbon dioxide emission indicators for 2011

/28/ Report on scientific and technical work «Evaluation of greenhouse gases emission reductions due to process losses reduction in distribution grids of Ukraine» of the Institute of general power-

engineering, National Academy of Sciences of Ukraine, 22/07/2011

/29/ The Ministry of Fuel and Energy of Ukraine. GND 34.47.503-2004. Sectoral regulatory document. SF6 circuit breaker exploitation manual, Kyiv, 2004

/30/ Automated system of commercial accounting electricity. Program and methodology of state metrological certification U04728690/8.028-2010 PDMA, Lviv city 2010

/31/ Program and methodology of trial operation. Automated System for current account of electricity substation boundaries JSC PC "Khersonoblenergo". AMYAA 466451.032 M1, Mykolaiv city, 2010

/32/ The State Committee of Ukraine for Technical Regulation and Consumer Policy. State Scientific Research Institute of Metrology of Measuring and Control Systems "(SE RI"System"). Certificate on state metrological certification # C8,222-2010 of 28/09/2010. Automated systems of commercial energy account of JS "Odesaoblenergo" (ASCEA). 466453.118

/33/ Act on including automated system of commercial account energy PJSC "Power supplying Company "Khersonoblenergo" AMYAA.466451.032 of 20/12/2010 in industrial operation, Kherson city, Pestelya Str., 5

/34/ Regulation on cooperation between PJSC "Power supplying Company "Khersonoblenergo" and PJSC "Power supplying Company "Dniprooblenergo" during collection, formation and exchange per hour data of commercial electricity accounting, derived from ASCEA (automated systems of commercial energy account), 2010

/35/ Regulation on cooperation between ASCEA PJSC "Power supplying Company "Khersonoblenergo" and SE "Ukrgidroenergo", during collection, formation and exchange per hour data of commercial electricity accounting, 2010

/36/ Regulation on cooperation between PJSC "Power supplying Company "Khersonoblenergo" and Southern ES during collection, formation and exchange per hour data of commercial electricity accounting, derived from ASCEA, during model 30817 formation, 2010

/37/ Regulation on cooperation between PJSC "Power supplying Company "Khersonoblenergo" and OJSC "Zaporizhoblenergo" during collection, formation and exchange per hour data of commercial electricity accounting, derived from ASCEA, 2010. General terms

/38/ Regulation on cooperation between PJSC "Power supplying Company "Khersonoblenergo" and OJSC "Krymenergo" during collection, formation and exchange per hour data of commercial electricity accounting, derived from ASCEA, 2010

/39/ Regulation on cooperation between PJSC "Power supplying Company "Khersonoblenergo" and PSC "Khersonska TETS" during collection, formation and exchange per hour data of commercial

electricity accounting, derived from ASCEA, 2010
/40/ Regulation on cooperation between PJSC "Power supplying Company "Khersonoblenergo" and PJSC "Power supplying Company "Mykolaivoblenergo" during collection, formation and exchange per hour data of commercial electricity accounting, derived from ASCEA, 2010
/41/ Photo of the server room in the main office of Khersonoblenergo.
/42/ National Electricity Regulation Commission of Ukraine, Kherson territorial representation, Act of initial verification of licensee's compliance with the legislation on electricity and the licensing conditions, of 08/04/2011 № 1, Kherson city
/43/ "PSC" "Khersonoblenergo" verification results reference of the investment program for 2010, meter #1 SA4UY672K type, serial number 330183, meter # 2 type STEA OV D
/44/ Act on verification (replacement) of e/e meters of 23/06/2010, GP 1006, meter number # 1 type STEA OV D, serial number 010168, meter # 2 type NIK 2303 AP1T, serial number 0030739
/45/ SS Kyrylivka TS-1001, TS-1002, TS-1003, TS-1003a, TS-1004, TS-1005, TS-1006
/46/ Photo of substation "PJSC " "Khersonoblenergo"
/47/ Photo of the installed glass insulators.
/48/ OJSC "PSC" "Khersonoblenergo" Chaplinsky REZ and EM, Acceptance certificate of repaired reconstructed and modernized facilities of 16/09/10. Facilities: TP 10 / 0,4 kW 353
/49/ Act on operating readiness of completed reconstructed facilities of electrical networks for Admission state submission, Kherson city, 2005. Facilities: OHTL-0,4 kW from TP-419. Kherson city
/50/ List of logic switches by installation years at PJSC "Khersonoblenergo"
/51/ Passport # 2 PS CHNPZ switch VVE-1501-1T
/52/ Switch circuit. VHB-35 Series. Passport YBKZH.674121.001-09 PS
/53/ Khersonoblenergo SF6 circuit breaker exploitation manual 150 kV type ZARI FG production "Siemens", Kherson, 2009
/54/ Measures for reducing TRE at OJSC. Annex 1

Persons interviewed:

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

/1/ Vitalii Baklanov – Deputy commercial director of PJSC “PC “Khersonoblenergo”

/2/ Mykola Golinko – Head of feeder analysis department of PJSC “PC “Khersonoblenergo”

/3/ Volodymyr Hetmanov – Technical director of PJSC “PC

"Khersonoblenergo"

/4/ Iurii Iurchenko - Commercial director of PJSC "PC "Khersonoblenergo"

/5/ Serhii Reshetniak – Head of substation service of PJSC "PC "Khersonoblenergo"

/6/ Honcharuk Viacheslav – Deputy Technical director of PJSC "PC "Khersonoblenergo"

/7/ Vasyl Boyarchuk - Head of operation and technical service central group of PJSC "PC "Khersonoblenergo"

/8/ Dmitriy Palamarchuk – JI project consultant of VEMA S.A.

/9/ Yevgen Vorobyov – JI project consultant of VEMA S.A.

APPENDIX A: JI PROJECT DETERMINATION PROTOCOL

BUREAU VERITAS CERTIFICATION HOLDING SAS

DETERMINATION PROTOCOL

Table 1. Check list for determination, according JOINT IMPLEMENTATION DETERMINATION AND VERIFICATION MANUAL (Ver. 01)

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
Guidelines for JI PDD Form Users Section A General description of the project				
A.1. Title of the project				
A.1	Is the title of the project presented? Is the sectoral scope to which project pertains presented? Is the current version number of the document presented? Is the date when the document was completed presented?	The title of the project is provided in the section A.1. of the PDD. The sectoral scope #2 - "Energy distribution". The current version number and the date of completion are also presented the in the section A.1. of the PDD.	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
A.2 Description of the project				
A.2	Is the purpose of the project included with a concise, summarizing explanation (max. 1-2 pages) of the: a) Situation existing prior to the starting date of the project; b) Baseline scenario; and c) Project scenario (expected outcome, including a technical description). Is the history of the project (incl. its JI component) briefly summarized?	No, the information regarding baseline scenario is missing. **CAR01** Please, add to the section A.2. of the PDD the description of baseline scenario as per *Guidelines for users of the JI PDD form (version 04).* **CAR02** Please, provide the interpretation for abbreviations and abridgments in the PDD when first mentioned in the text.	**CAR01** **CAR02**	OK OK
A.3 Project participants				
A.3	Are project participants and Party(ies) involved in the project listed? Is contact information provided in Annex 1 of the PDD?	Yes, project participants, Parties involved and contact information are provided in the corresponding sections of the PDD.	OK	OK
A.4 Technical description of the project				
A.4.1	Location of the project	The information concerning project location is provided in the sections A.4.1.	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
A.4.1.1	Host Party(ies)	The project is located in Ukraine.	OK	OK
A.4.1.2	Region/State/Province etc.	See section A.4.1.2 of the PDD	OK	OK
A.4.1.3	City/Town/Community etc.	**CAR03** Please, add the information concerning project location to the section A.4.1.3.	**CAR03**	OK
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)	The geographical location of the project is provided in the section A.4.1.4 of the PDD.	OK	OK
A.4.2. Technologies to be employed, or measures, operations or actions to be implemented by the project				
A.4.2	Are the technology(ies) to be employed, or measures, operations or actions to be implemented by the project, including all relevant technical data and the implementation schedule described?	**CAR04** Please, add to PDD information concerning each measure to be implemented according to project (organizational, technical) and explain how they will be implemented. **CAR05** Please, add to PDD the information on implementation schedule for each type of measures envisaged by the project.	**CAR04** **CAR05**	OK OK
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				

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
A.4.3	Is it explained briefly how anthropogenic GHG emission reductions are to be achieved? (This section should not exceed one page.)	The project aims at introducing measures to reduce energy losses in electric power distribution system of the Company. Correspondingly the use of fossil fuels to produce electricity at power generating plants will reduce. Fuel savings will reduce GHG emissions.	OK	OK
A.4.3.1. Estimated amount of emission reductions over the crediting period				
A.4.3.1	Is the length of the crediting period Indicated? Are estimates of total as well as annual and average annual emission reductions in tonnes of CO2 equivalent provided?	**CAR06** Please, correct formatting of the section A.4.3.1. as per *Guidelines for users of the JI PDD form (version 04).* **CAR07** It is stated in the section A.4.3.1 that the estimated amount of emission reductions during the first commitment period is enclosed in the Table 4 and the Table 6. As the first commitment period lasts form 2008 till 2012, this statement must be corrected.	**CAR06** **CAR07**	OK OK
A.5. Project approval by the Parties involved				
A.5	Is written project approvals by the Parties involved attached?	**CAR08** The project has no approval of the host	**CAR08**	Pending

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
		Party and the sponsor Parties. Please submit corresponding approvals to AIE.		
DVM				
Project approvals by Parties				
19	Have the DFPs of all Parties listed as "Parties involved" in the PDD provided written project approvals?	See CAR from the section A.5. above.	Pending	Pending
19	Does the PDD identify at least the host Party as a "Party involved"?	Ukraine is identified as the Host Party.	OK	OK
19	Has the DFP of the host Party issued a written project approval?	See CAR from the section A.5. above.	Pending	Pending
20	Are all the written project approvals by Parties involved unconditional?	Conclusion is pending a response to CAR in the section A.5. above.	Pending	Pending
Authorization of project participants by Parties involved				
21	Is each of the legal entities listed as project participants in the PDD authorized by a Party involved, which is also listed in the PDD, through:	Conclusion is pending a response to CAR from the section A.5.	Pending	Pending

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	− A written project approval by a Party involved, explicitly indicating the name of the legal entity? or − Any other form of project participant authorization in writing, explicitly indicating the name of the legal entity?			
Baseline setting				
22	Does the PDD explicitly indicate which of the following approaches is used for identifying the baseline? − JI specific approach − Approved CDM methodology approach	PDD explicitly indicates that JI specific approach is applied for identifying the baseline. **CAR09** According to *Guidance on criteria for baseline setting and monitoring*, the detailed description of each alternative used to establish baseline must be provided in the section B.1. of the PDD.	**CAR09**	OK
JI specific approach only				
23	Does the PDD provide a detailed theoretical description in a complete and transparent manner?	A satisfactory description is provided in the section B.1. of the PDD in complete and transparent manner. **CAR10** Annex 2 shall contain a short description	**CAR10**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
		of the key elements in a tabular form. Please, make corresponding corrections.		
23	Does the PDD provide justification that the baseline is established: (a) By listing and describing plausible future scenarios on the basis of conservative assumptions and selecting the most plausible one? (b) Taking into account relevant national and/or sectoral policies and circumstance? − Are key factors that affect a baseline taken into account? (c) In a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, date sources and key factors? (d) Taking into account of uncertainties and using conservative assumptions? (e) In such a way that ERUs	PDD provides sufficient justification that all key factors that affect a baseline are taken into account. **CAR11** Please, note that the parameters indicated in the section B.1 of the PDD do not allow to calculate electricity losses for each type of equipment and transmission line of various types. Please, provide all key factors in the section B in a tabular form as per *Guidelines for users of the JI PDD form (version 04).* **CAR12** The information concerning selected baseline period and algorithm of baseline emissions calculation must be clearly indicated in the section B of the PDD. The required justification regarding baseline scenario establishment also must be provided in the PDD.	**CAR11** **CAR12**	OK OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	cannot be earned for decreases in activity levels outside the project or due to force majeur? (f) By drawing on the list of standard variables contained in appendix B to "Guidance on criteria for baseline setting and monitoring", as appropriate?			
24	If selected elements or combinations of approved CDM methodologies or methodological tools for baseline setting are used, are the selected elements or combinations together with the elements supplementary developed by the project participants in line with 23 above?	The own developed approach is used to establish a baseline.	OK	OK
25	If a multi-project emission factor is used, does the PDD provide appropriate justification?	**CAR13** Application of emission factor for Ukrainian electricity grid for 2005 referred to "Ukraine - Assessment of new calculation of CEF" approved TUV	**CAR13**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
		SUD 17.08.2007" is illegitimate as this coefficient is valid since 2006. Please, make corresponding corrections and provide corresponding confirmation.		
Approved CDM methodology approach only				
26 (a)	Does the PDD provide the title, reference number and version of the approved CDM methodology used?	N/A	N/A	N/A
26 (a)	Is the approved CDM methodology the most recent valid version when the PDD is submitted for publication? If not, is the methodology still within the grace period (was the methodology revised to a newer version in the past two months)?	N/A	N/A	N/A
26 (b)	Does the PDD provide a description of why the approved CDM methodology is applicable to the project?	N/A	N/A	N/A
26 (c)	Are all explanations, descriptions and analyses	N/A	N/A	N/A

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	pertaining to the baseline in the PDD made in accordance with the referenced approved CDM methodology?			
26 (d)	Is the baseline identified appropriately as a result?	N/A	N/A	N/A
Additionality				
JI specific approach only				
28	Does the PDD indicate which of the following approaches for demonstrating additionality is used? (a) Provision of traceable and transparent information showing the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to emission reductions or enhancements of removals; (b) Provision of traceable and transparent information that an	The document states that that the project scenario is not a part of the identified baseline scenario and that the project will lead to emission reductions. *Tool for the demonstration and assessment of additionality* was used for demonstrating of the project additionality. **CAR14** Please, provide in the section B.2. the justification of the project additionality on the basis of the investment analysis. Please, note that the barrier analysis does not provide reasonable evidences that the project is additional. **CAR15**	**CAR14** **CAR15** **CL01**	OK OK OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	AIE has already positively determined that a comparable project (to be) implemented under comparable circumstances has additionality; (c) Application of the most recent version of the "Tool for the demonstration and assessment of additionality. (allowing for a two-month grace period) or any other method for proving additionality approved by the CDM Executive Board".	Please, add to the section B.2. the transparent analysis of any other activities similar to the project activity. Please, indicate if such projects were implemented in Ukraine earlier. **CL01** Simple cost analysis was correctly used to justify project's additionality. Please, clarify if the analysis provided considers profit obtained form the implementation of the energy efficient measures during the first year of the project implementation (when the normative losses are approved for the previous year). Please, clarify if the simple cost analysis can be applied in this case.		
29 (a)	Does the PDD provide a justification of the applicability of the approach with a clear and transparent description?	The necessary justification is included in the section B.2. of the PDD.	OK	OK
29 (b)	Are additionality proofs provided?	Yes. See section B.2. of the PDD.	OK	OK
29 (c)	Is the additionality demonstrated appropriately as a	See CARs and CLs in the section 28 above.	Pending	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	result?			
30	If the approach 28 (c) is chosen, are all explanations, descriptions and analyses made in accordance with the selected tool or method?	Yes, all explanations, descriptions and analysis are made in accordance with the *Tool for demonstration and assessment of additionality (version* 05.2).	OK	OK
Approved CDM methodology approach only				
31 (a)	Does the PDD provide the title, reference number and version of the approved CDM methodology used?	N/A	N/A	N/A
31 (b)	Does the PDD provide a description of why and how the referenced approved CDM methodology is applicable to the project?	N/A	N/A	N/A
31 (c)	Are all explanations, descriptions and analyses with regard to additionality made in accordance with the selected methodology?	N/A	N/A	N/A
31 (d)	Are additionality proofs provided?	N/A	N/A	N/A
31 (e)	Is the additionality	N/A	N/A	N/A

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	demonstrated appropriately as a result?			
Project boundary (applicable except for JI LULUCF projects JI specific approach only				
32 (a)	Does the project boundary defined in the PDD encompass all anthropogenic emissions by sources of GHGs that are: (i) Under the control of the project participants? (ii) Reasonably attributable to the project? (iii) Significant?	The review of emission sources in the project scenario is demonstrated in the PDD. The respective information is provided in the PDD, section B.3. **CAR16** The scheme of "project boundaries for baseline scenario" is indicated in the Figure 13 of the PDD. Please, explain how the project boundaries can be applied for baseline scenario and make corresponding corrections.	**CAR16**	OK
32 (b)	Is the project boundary defined on the basis of a case-by-case assessment with regard to the criteria referred to in 32 (a) above?	Yes, the project boundary defined on the basis of a case-by-case assessment with regard to the criteria referred to in 32 (a) above.	OK	OK
32 (c)	Are the delineation of the project boundary and the gases and sources included appropriately described and	Yes. The project boundary is clearly determined. The corresponding schemes are indicated in the section B.3. of the PDD.	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	justified in the PDD by using a figure or flow chart as appropriate?			
32 (d)	Are all gases and sources included explicitly stated, and the exclusions of any sources related to the baseline or the project are appropriately justified?	**CAR17** Please, estimate in the PDD the emissions of sulphur hexafluoride as a result of project implementation. Please, indicate if the emission of this gas can be neglected.	**CAR17**	OK
Approved CDM methodology approach only				
33	Is the project boundary defined in accordance with the approved CDM methodology?	N/A	N/A	N/A
Crediting period				
34 (a)	Does the PDD state the starting date of the project as the date on which the implementation or construction or real action of the project will begin or began?	**CAR18** Please, state in the PDD the actual starting date of the project which is indicated in the documentation on JI project realization at the Company.	**CAR18**	OK
34 (a)	Is the starting date after the beginning of 2000?	Yes. The starting date is after the beginning of 2000.	OK	OK
34 (b)	Does the PDD state the expected operational lifetime of the project in years and	**CAR19** Please, compare the expected operational lifetime, the crediting period	**CAR19**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	months?	length and the starting date of the project and provide corresponding corrections in the PDD.		
34 (c)	Does the PDD state the length of the crediting period in years and months?	**CAR20** Please, correct the length of the crediting period taking into account the project starting date and the crediting period length stated in the section A of the PDD.	**CAR20**	OK
34 (c)	Is the starting date of the crediting period on or after the date of the first emission reductions or enhancements of net removals generated by the project?	See CAR in the section 34 (c) above.	Pending	OK
34 (d)	Does the PDD state that the crediting period for issuance of ERUs starts only after the beginning of 2008 and does not extend beyond the operational lifetime of the project?	Yes, the crediting period for issuance of ERUs starts on the 1st of January of 2008 and does not extend beyond the operational lifetime of the project.	OK	OK
34 (d)	If the crediting period extends beyond 2012, does the PDD state that the extension is	**CAR21** No. Necessary information as to emission reductions before 2012 and	**CAR21**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	subject to the host Party approval? Are the estimates of emission reductions or enhancements of net removals presented separately for those until 2012 and those after 2012?	after 2012 must bee added to the section C of the PDD.		
Monitoring plan				
35	Does the PDD explicitly indicate which of the following approaches is used? −JI specific approach −Approved CDM methodology approach	The own developed JI specific approach was used to establish the monitoring plan. **CAR22** All equations in the section D of the PDD must be numbered as per *Guidance on criteria for baseline setting and monitoring.* Please, make corresponding corrections.	**CAR22**	OK
JI specific approach only				
36 (a)	Does the monitoring plan describe: − All relevant factors and key characteristics that will be monitored? − The period in which they will	**CAR23** Please, note that the parameters indicated in the section D of the PDD version 01 do not allow to calculate electricity losses for each type of equipment and transmission line of	**CAR22**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	be monitored? − All decisive factors for the control and reporting of project performance?	various types. The monitoring plan must be altered to reflect only those electricity losses which are achieved as a result of project implementation.		
36 (b)	Does the monitoring plan specify the indicators, constants and variables used that are reliable, valid and provide transparent picture of the emission reductions or enhancements of net removals to be monitored?	**CAR24** All the monitored baseline parameters must be included in the monitoring plan in the section D.1.1.3. of the PDD as per *Guidelines for users of the JI PDD form (version 04).*	**CAR24**	OK
36 (b)	If default values are used: − Are accuracy and reasonableness carefully balanced in their selection? − Do the default values originate from recognized sources? − Are the default values supported by statistical analyses providing reasonable confidence levels? − Are the default values	**CAR25** Application of emission factor for Ukrainian electricity grid for 2005 referred to “Ukraine - Assessment of new calculation of CEF” approved TUV SUD 17.08.2007” is illegitimate as this coefficient is valid since 2006. Please, make corresponding corrections of the monitoring plan and ERUs calculations.	**CAR25**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	presented in a transparent manner?			
36 (b) (i)	For those values that are to be provided by the project participants, does the monitoring plan clearly indicate how the values are to be selected and justified?	See CAR from the item 36 (a) above.	Pending	OK
36 (b) (ii)	For other values, − Does the monitoring plan clearly indicate the precise references from which these values are taken? − Is the conservativeness of the values provided justified?	See CAR from the item 36 (a) above.	Pending	OK
36 (b) (iii)	For all data sources, does the monitoring plan specify the procedures to be followed if expected data are unavailable?	See CAR from the item 36 (a) above.	Pending	OK
36 (b) (iv)	Are International System Unit (SI units) used?	The International System Unit is used for some parameters.	OK	OK
36 (b) (v)	Does the monitoring plan note any parameters, coefficients, variables, etc. that are used to	See CAR from the item 36 (a) above.	Pending	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	calculate baseline emissions or net removals but are obtained through monitoring?			
36 (b) (v)	Is the use of parameters, coefficients, variables, etc. consistent between the baseline and monitoring plan?	The use of parameters, coefficients, variables, etc. is consistent between the baseline and monitoring plan.	OK	OK
36 (c)	Does the monitoring plan draw on the list of standard variables contained in appendix B of "Guidance on criteria for baseline setting and monitoring"?	Some variables contained in appendix B of "*Guidance on criteria for baseline setting and monitoring*" were included in the monitoring plan.	OK	OK
36 (d)	Does the monitoring plan explicitly and clearly distinguish: (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination?	**CAR26** Please, after making alteration of the monitoring plan and adding of all necessary parameters to be monitored, explicitly distinguish: (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination;	**CAR26**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	(ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not already available at the stage of determination? (iii) Data and parameters that are monitored throughout the crediting period?	(ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not available at the stage of determination; (iii) Data and parameters that are monitored throughout the crediting period.		
36 (e)	Does the monitoring plan describe the methods employed for data monitoring (including its frequency) and recording?	Yes. This information is included in the monitoring plan.	OK	OK
36 (f)	Does the monitoring plan elaborate all algorithms and formulae used for the estimation/calculation of baseline emissions/removals and project emissions/ removals or direct monitoring of emission reductions from the project, leakage, as appropriate?	**CAR27** All algorithms and formulae used to for the estimation/calculation of baseline and project emissions form each source, equipment type, transmission line of various types etc. must be included in the sections D.1.1.2. and D.1.1.4. of the PDD.	**CAR27**	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
36 (f) (i)	Is the underlying rationale for the algorithms/formulae explained?	Pending a response to CARs in the items 35 (a) - 36 (f) above.	Pending	OK
36 (f) (ii)	Are consistent variables, equation formats, subscripts etc. used?	Pending a response to CARs in the items 35 (a) - 36 (f) above.	Pending	OK
36 (f) (iii)	Are all equations numbered?	No see CAR from the item 35 above.	Pending	OK
36 (f) (iv)	Are all variables, with units indicated defined?	Pending a response to CARs in the items 35 (a) - 36 (f) above.	Pending	OK
36 (f) (v)	Is the conservativeness of the algorithms/procedures justified?	Yes, algorithms/procedures used are in line with the state norms and used in conservative manner.	OK	OK
36 (f) (v)	To the extent possible, are methods to quantitatively account for uncertainty in key parameters included?	The uncertainties for the parameters used are generally low taking into account monitoring algorithm.	OK	OK
36 (f) (vi)	Is consistency between the elaboration of the baseline scenario and the procedure for calculating the emissions or net removals of the baseline ensured?	Pending a response to CARs in the items 35 (a) - 36 (f) above.	Pending	OK
36 (f) (vii)	Are any parts of the algorithms or formulae that are not self-	All algorithms and formulas are clearly explained.	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	evident explained?			
36 (f) (vii)	Is it justified that the procedure is consistent with standard technical procedures in the relevant sector?	The procedure is consistent with standard technical procedures in the relevant sector and is well justified.	OK	OK
36 (f) (vii)	Are references provided as necessary?	All necessary references are provided.	OK	OK
36 (f) (vii)	Are implicit and explicit key assumptions explained in a transparent manner?	All implicit and explicit assumptions are explained in a transparent manner.	OK	OK
36 (f) (vii)	Is it clearly stated which assumptions and procedures have significant uncertainty associated with them, and how such uncertainty is to be addressed?	**CAR28** Please, include all key monitored parameters to the table D.2., describe uncertainties and quality assurance procedures associated with them.	**CAR28**	OK
36 (f) (vii)	Is the uncertainty of key parameters described and, where possible, is an uncertainty range at 95% confidence level for key parameters for the calculation of emission reductions or enhancements of net removals	See CAR form the item 36 (f) (vii) above.	Pending	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	provided?			
36 (g)	Does the monitoring plan identify a national or international monitoring standard if such standard has to be and/or is applied to certain aspects of the project? Does the monitoring plan provide a reference as to where a detailed description of the standard can be found?	The monitoring plan is in line with the relevant national standards.	OK	OK
36 (h)	Does the monitoring plan document statistical techniques, if used for monitoring, and that they are used in a conservative manner?	N/A	N/A	N/A
36 (i)	Does the monitoring plan present the quality assurance and control procedures for the monitoring process, including, as appropriate, information on calibration and on how records on data and/or method validity and accuracy are kept and	See CAR form the item 36 (f) (vii) above.	Pending	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	made available upon request?			
36 (j)	Does the monitoring plan clearly identify the responsibilities and the authority regarding the monitoring activities?	**CAR29** Please, add to the PDD (section D.3.) scheme identifying the responsibilities and roles establishing in the context project of monitoring plan.	**CAR29**	OK
36 (k)	Does the monitoring plan, on the whole, reflect good monitoring practices appropriate to the project type? If it is a JI LULUCF project, is the good practice guidance developed by IPCC applied?	The monitoring plan reflects good monitoring practices appropriate to the project type.	OK	OK
36 (l)	Does the monitoring plan provide, in tabular form, a complete compilation of the data that need to be collected for its application, including data that are measured or sampled and data that are collected from other sources but not including data that are calculated with equations?	Yes. The appropriate information is indicated in the section D of the PDD.	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
36 (m)	Does the monitoring plan indicate that the data monitored and required for verification are to be kept for two years after the last transfer of ERUs for the project?	**FAR1** Please, submit any documented instruction indicating that the data monitored are to be kept for two years after last ERUs transfer as per *JI determination and verification manual.*	**FAR1**	This issue must be checked during verification.
37	If selected elements or combinations of approved CDM methodologies or methodological tools are used for establishing the monitoring plan, are the selected elements or combination, together with elements supplementary developed by the project participants in line with 36 above?	No any selected elements or combinations of approved CDM methodologies or methodological tools are used for establishing the monitoring plan.	OK	OK
Approved CDM methodology approach only				
38 (a)	Does the PDD provide the title, reference number and version of the approved CDM methodology used?	N/A	N/A	N/A
38 (a)	Is the approved CDM methodology the most recent	N/A	N/A	N/A

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	valid version when the PDD is submitted for publication? If not, is the methodology still within the grace period (was the methodology revised to a newer version in the past two months)?			
38 (b)	Does the PDD provide a description of why the approved CDM methodology is applicable to the project?	N/A	N/A	N/A
38 (c)	Are all explanations, descriptions and analyses pertaining to monitoring in the PDD made in accordance with the referenced approved CDM methodology?	N/A	N/A	N/A
38 (d)	Is the monitoring plan established appropriately as a result?	N/A	N/A	N/A
Applicable to both JI specific approach and approved CDM methodology approach				
39	If the monitoring plan indicates overlapping monitoring periods during the crediting period:	There are no overlapping monitoring periods during the crediting period.	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	(a) Is the underlying project composed of clearly identifiable components for which emission reductions or enhancements of removals can be calculated independently? (b) Can monitoring be performed independently for each of these components (i.e. the data/parameters monitored for one component are not dependent on/effect data/parameters to be monitored for another component)? (c) Does the monitoring plan ensure that monitoring is performed for all components and that in these cases all the requirements of the JI guidelines and further guidance by the JISC regarding monitoring are met? (d) Does the monitoring plan			

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	explicitly provide for overlapping monitoring periods of clearly defined project components, justify its need and state how the conditions mentioned in (a)-(c) are met?			
Leakage				
JI specific approach only				
40 (a)	Does the PDD appropriately describe an assessment of the potential leakage of the project and appropriately explain which sources of leakage are to be calculated and which can be neglected?	**CL02** As per *Guidance on criteria for baseline setting and monitoring* project participants must undertake to assess the potential leakage and appropriately explain which sources of leakage are to be calculated and which can be neglected. Please, provide respective assessment, in particular, regarding potential leakage of sulphur hexafluoride.	**CL02**	OK
40 (b)	Does the PDD provide a procedure for an ex ante estimate of leakage?	See CL form the issue 40 (b) above.	Pending	OK
Approved CDM methodology approach only				
41	Are the leakage and the	N/A	N/A	N/A

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	procedure for its estimation defined in accordance with the approved CDM methodology?			
Estimation of emission reductions or enhancements of net removals				
42	Does the PDD indicate which of the following approaches it chooses? (a) Assessment of emissions or net removals in the baseline scenario and in the project scenario (b) Direct assessment of emission reductions	Yes. The predicted assessment and the detailed calculations are provided in the supporting Excel file. The assessment of emissions in the baseline scenario and in the project scenario was used.	OK	OK
43	If the approach (a) in 42 is chosen, does the PDD provide ex ante estimates of: (a) Emissions or net removals for the project scenario (within the project boundary)? (b) Leakage, as applicable? (c) Emissions or net removals for the baseline scenario (within the project boundary)? (d) Emission reductions or	The amount of electricity losses is established on the basis of statistical dependence of actual volumes of losses. Calculations are provided in the *Supporting Excel file*. The estimation of GHG emissions for the project, baseline scenario and emission reductions ex ante is provided in the section E of the PDD.	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	enhancements of net removals adjusted by leakage?			
44	If the approach (b) in 42 is chosen, does the PDD provide ex ante estimates of: (a) Emission reductions or enhancements of net removals (within the project boundary)? (b) Leakage, as applicable? (c) Emission reductions or enhancements of net removals adjusted by leakage?	N/A	N/A	N/A
45	For both approaches in 42 (a) Are the estimates in 43 or 44 given: (i) On a periodic basis? (ii) At least from the beginning until the end of the crediting period? (iii) On a source-by-source/sink-by-sink basis? (iv) For each GHG? (v) In tones of CO2 equivalent, using global warming	**CAR30** Algorithm of project and baseline emissions estimation for each gas and emission source must be clearly indicted in the section E of the PDD. Please, explain which data (actual or historical) were used for ERUs estimation. **CAR31** The amounts of ERUs estimates in the Excel file and in the PDD are not equal. Please, make corresponding corrections. **CAR32**	**CAR30** **CAR31** **CAR32** **CAR33**	OK OK OK OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol? (b) Are the formula used for calculating the estimates in 43 or 44 consistent throughout the PDD? (c) For calculating estimates in 43 or 44, are key factors influencing the baseline emissions or removals and the activity level of the project and the emissions or net removals as well as risks associated with the project taken into account, as appropriate? (d) Are data sources used for calculating the estimates in 43 or 44 clearly identified, reliable and transparent? (e) Are emission factors (including default emission	Information concerning emission sources in the project is missing in the section E. Please, add the appropriate information to the PDD. **CAR33** The amount of ERUs in the section E.6., Table 19-21 is not equal to the difference of emissions of the project and baseline scenario. Please, make corresponding corrections.		

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	factors) if used for calculating the estimates in 43 or 44 selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice? (f) Is the estimation in 43 or 44 based on conservative assumptions and the most plausible scenarios in a transparent manner? (g) Are the estimates in 43 or 44 consistent throughout the PDD? (h) Is the annual average of estimated emission reductions or enhancements of net removals calculated by dividing the total estimated emission reductions or enhancements of net removals over the crediting period by the total months of the crediting period and multiplying by twelve?			

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
46	If the calculation of the baseline emissions or net removals is to be performed ex post, does the PDD include an illustrative ex ante emissions or net removals calculation?	Yes, the illustrative ex ante emission calculations are presented in the PDD.	OK	OK
Approved CDM methodology approach only				
47 (a)	Is the estimation of emission reductions or enhancements of net removals made in accordance with the approved CDM methodology?	N/A	N/A	N/A
47 (b)	Is the estimation of emission reductions or enhancements of net removals presented in the PDD: − On a periodic basis? − At least from the beginning until the end of the crediting period? − On a source-by-source/sink-by-sink basis? − For each GHG?	N/A	N/A	N/A

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	− In tones of CO2 equivalent, using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol? − Are the formula used for calculating the estimates consistent throughout the PDD? − Are the estimates consistent throughout the PDD? − Is the annual average of estimated emission reductions or enhancements of net removals calculated by dividing the total estimated emission reductions or enhancements of net removals over the crediting period by the total months of the crediting period and multiplying by twelve?			
Environmental impacts				
48 (a)	Does the PDD list and attach	Under the legislative framework of	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	documentation on the analysis of the environmental impacts of the project, including transboundary impacts, in accordance with procedures as determined by the host Party?	Ukraine "On Environmental Protection" and "Structure and Content of Environmental Impact Assessment (EIA) when designing and constructiing factories, buildings and structures" the Company is not obliged to carry out Environmental Impact Assessment for this type of project.		
48 (b)	If the analysis in 48 (a) indicates that the environmental impacts are considered significant by the project participants or the host Party, does the PDD provide conclusion and all references to supporting documentation of an environmental impact assessment undertaken in accordance with the procedures as required by the host Party?	The information on environmental impact is sufficiently described in the section F.2. of the PDD.	OK	OK
Stakeholder consultation				
49	If stakeholder consultation was undertaken in accordance with the procedure as required by	Special conferences and symposiums devoted to implementation of the project on electricity losses reduction and	OK	OK

Guidelines for JI PDD Form Users or DVM Paragraph	Check Item	Initial finding	Draft conclusion	Final conclusion
	the host Party, does the PDD provide: (a) A list of stakeholders from whom comments on the projects have been received, if any? (b) The nature of the comments? (c) A description on whether and how the comments have been addressed?	implementation of automated systems for commercial accounting of electric power were organized in the Company. Information is constantly covered on the official Company's website.		

Table 2 Resolution of Corrective Action and Clarification Requests

Draft report clarifications, corrective action and forward action requests by verification team	Ref. to checklist question in table 1	Summary of project participant response	Verification team conclusion
CAR01 Please, add to the section A.2. of the PDD the description of baseline scenario as per	A.2	The description of baseline scenario was added to the section A.2 of the PDD version 2.	The issue is closed based on due amendments made in the PDD.

Guidelines for users of the JI PDD form (version 04).			
CAR02 Please, provide the interpretation for abbreviations and abridgments in the PDD when first mentioned in the text.	A.2	The corresponding interpretation for abbreviations and abridgments are provided in the PDD version 2.	PDD was checked. The issue is closed.
CAR03 Please, add the information concerning project location to the section A.4.1.3.	A.4.1.3	The respective information was added to the section A.4.1.3 of the PDD version 2.	PDD was checked. The issue is closed.
CAR04 Please, add to PDD information concerning each measure to be implemented according to project (organizational, technical) and explain how they will be implemented.	A.4.2	In the framework of the Project it is provided to form the TLE management system (energy rate setting, energy audit and energy management) in the Company for effective implementation of a number of organizational and technical measures as well as measures on developing and improving the methodological provision of TLE reduction during implementation of licensed activities on electricity transmission and distribution. Lists of these activities are listed below: 1. Organizational measures of methodological support	The issue is closed on the basis of the corrections made in the PDD.

		2. Organizational and technical measures 3. Technical measures Corresponding corrections were made in the section A.4.2 of the PDD version 2.	
CAR05 Please, add to PDD the information on implementation schedule for each type of measures envisaged by the project.	A.4.2	The project implementation was added to the PDD ver.2. The schedule of reconstruction and modernization of enterprise's distribution electricity grids were provided in the section A.4.2 of the PDD.	The issue is closed on the basis of the information provided and due corrections made in the PDD.
CAR06 Please, correct formatting of the section A.4.3.1. as per *Guidelines for users of the JI PDD form (version 04).*	A.4.3.1	Formatting of the Table A.4.3.1 was corrected as per *Guidelines for users of the JI PDD form (version 04).*	PDD was checked. The issue is closed.
CAR07 It is stated in the section A.4.3.1 that the estimated amount of emission reductions during the first commitment period is enclosed in the Table 4 and the Table 6. As the first commitment period lasts form 2008 till 2012, this statement must be corrected.	A.4.3.1	The necessary corrections were made to the PDD ver.2. The expected amount of emission reductions before, during and after the first commitment period were presented in the section A.4.3.1 of the PDD.	The issue is closed based on the due corrections made.

CAR08 The project has no approval of the host Party and the sponsor Parties. Please submit corresponding approvals to AIE.	A.5.	After determination the project, the PDD and Determination report will be submitted to the State Environmental Investment Agency of Ukraine to obtain a Letter of Approval.	The conclusion is pending written approvals by the Parties involved.
CAR09 According to *Guidance on criteria for baseline setting and monitoring*, the detailed description of each alternative used to establish baseline must be provided in the section B.1. of the PDD.	22	Three alternatives were identified to establish baseline: Alternative 1.1: Continuation of the current situation, without JI project implementation. Alternative 1.2: The proposed project activity without the use of Joint Implementation mechanism. Alternative 1.3: Partial project activities (to implement not all project equipment) without the use of the Joint Implementation Mechanism. The detailed description of each alternative was included in the PDD version 2.	The issue is closed on the basis of the information provided and due corrections made in the PDD.
CAR10 Annex 2 shall contain a short description of the key elements in a tabular form. Please, make corresponding corrections.	23	The description of the key elements in the tabular form was added to the Annex 2 of the PDD ver.2.	The PDD was checked. The issue is closed.

CAR11 Please, note that the parameters indicated in the section B.1 of the PDD do not allow calculating electricity losses for each type of equipment and transmission line of various types. Please, provide all key factors in the section B in a tabular form as per *Guidelines for users of the JI PDD form (version 04).*	23	The baseline scenario envisages the continuation of the situation existing prior to the project implementation with minimum repairs on the background of overall deterioration in electricity supply system. In case the proposed project is not implemented electrical energy will still be transported with considerable losses in the grid. Electricity losses in the baseline scenario will be determined for each year when monitoring activity takes place. These losses will be calculated for each project measure based on the data on the grid stat before the activity implementation. Detailed information on the algorithm of baseline calculation is given in Section D.1 of the PDD ver.2.	The issue is closed based on due corrections made.
CAR12 The information concerning selected baseline period and algorithm of baseline emissions calculation must be clearly indicated in the section B of the PDD. The required justification	23	The information concerning the algorithm of baseline emissions calculation with the appropriate justification was included into the section B.1 of the PDD ver.2	The issue is closed based on the amendments made to the PDD.

regarding baseline scenario establishment also must be provided in the PDD.			
CAR13 Application of emission factor for Ukrainian electricity grid for 2005 referred to “Ukraine - Assessment of new calculation of CEF” approved TUV SUD 17.08.2007” is illegitimate as this coefficient is valid since 2006. Please, make corresponding corrections and provide corresponding confirmation.	25	The CAR has been taken into account I the PDD ver.2 and in the ERUs calculation. The CO2 emission factors for 2004-2005 were taken from the “Operational Guidelines for Project Design Documents of Joint Implementation Projects Volume 1: General guidelines” (ERUPT), issued by Ministry of Economic Affairs of the Netherlands. Carbon dioxide emission factors for 2006-2007 are taken from the document “Carbon dioxide emission factors (for energy consumption according to the methodology "Ukraine - Assessment of new calculation of CEF", approved by TUV SUD 17.08.2007); Carbon dioxide emission factors for 2008 are taken from Order of the National Environmental Investment Agency of Ukraine (hereinafter - NEIAU) № 62 of	The issue is closed on the basis of information provided and appropriate corrections made to the PDD.

		15.04.2011 "On approval of specific carbon dioxide emission factors in 2008"; Carbon dioxide emission factors for 2009 are taken from the Order of NEIAU # 63 of 15.04.2011 "On approval of specific carbon dioxide emission factors in 2009"; Carbon dioxide emission factors for 2010 are taken from the Order of NEIAU # 43 of 28.03.2011. "On approval of specific carbon dioxide emission factors in 2010" Carbon dioxide emission factors for 2011 are taken from the Order of NEIAU # 75 of 12.05.2011. "On approval of specific carbon dioxide emission factors in 2011".	
CAR14 Please, provide in the section B.2. the justification of the project additionality on the basis of the investment analysis. Please, note that the barrier analysis does not provide reasonable evidences that the project is additional.	28	In the corrected PDD additionality of the project was proved by using the simple cost analysis only.	The issue is closed based on the provided information and due amendments made in the PDD.

CAR15 Please, add to the section B.2. the transparent analysis of any other activities similar to the project activity. Please, indicate if such projects were implemented in Ukraine earlier.	28	Analysis of project activity similarity demonstrated absence of similar projects in Ukraine. Existing practice of equipment maintenance represented in the variant of baseline chosen for this Project is customary for Ukraine. Due to current practice all losses of electric energy are borne by end consumers; that is why the companies engaged in electricity supply don't have incentives for energy effective projects implementation.	The PDD was checked. The issue is closed.
CAR16 The scheme of "project boundaries for baseline scenario" is indicated in the Figure 13 of the PDD. Please, explain how the project boundaries can be applied for baseline scenario and make corresponding corrections.	32 (a)	The CAR was taken into account I the PDD ver.2. The section B.3 contains the baseline scenario boundary scheme and greenhouse gas sources as well as boundaries of the project scenario.	The issue is closed based on amendments made to the PDD.
CAR17 Please, estimate in the PDD the emissions of sulphur hexafluoride as a result of project implementation. Please, indicate if the emission of this	32 (d)	Currently in the energy sector, hexafluoride circuit breakers and current transformers are used to transport electric energy in electricity grids. They are characterized by high	The issue is closed on the basis of the information provided and due corrections made in the PDD.

gas can be neglected.		reliability, durability, simplicity of construction and installation as well as safety. A distinguishing feature of hexafluoride circuit breakers and current transformers is the fact that sulphur hexafluoride (electrical and technical gas) fulfils the function of arc control and heat insulating medium. Sulphur hexafluoride (SF_6) is a greenhouse gas whose density under normal conditions is five times higher than density of air. Since this equipment provides for a system of leak-proofness control and equipment manufacturers guarantee its smooth operation for 25 years, we can conclude that leakages of SF_6 are absent and excluded from the project boundaries.	
CAR18 Please, state in the PDD the actual starting date of the project which is indicated in the documentation on JI project realization at the Company.	34 (a)	The appropriate corrections were made in the PDD version 2.	PDD was checked. The issue is closed.
CAR19 Please, compare the expected	34 (b)	The appropriate corrections were made in the section C of the PDD	PDD was checked. The issue is closed.

operational lifetime, the crediting period length and the starting date of the project and provide corresponding corrections in the PDD.		version 2.	
CAR20 Please, correct the length of the crediting period taking into account the project starting date and the crediting period length stated in the section A of the PDD.	34 (c)	The appropriate corrections were made in the section C of the PDD version 2.	PDD was checked. The issue is closed.
CAR21 No. Necessary information as to emission reductions before 2012 and after 2012 must bee added to the section C of the PDD.	34 (d)	The information as to the expected emission reduction unit amount till 2012 and after 2012 was presented in the section C of the PDD version 2.	The issue is closed on the basis of amendments made.
CAR22 All equations in the section D of the PDD must be numbered as per *Guidance on criteria for baseline setting and monitoring.* Please, make corresponding corrections.	35	All equations in the section D of the PDD were numbered as per *Guidance on criteria for baseline setting and monitoring.*	PDD was checked. The issue is closed.
CAR23 Please, note that the parameters indicated in the section D of the PDD version 01	36 (a)	The methodology of emission reduction calculation was changed taking into account the observations. The corrected	The issue is closed based on the provided information and appropriate corrections

do not allow calculating electricity losses for each type of equipment and transmission line of various types. The monitoring plan must be altered to reflect only those electricity losses which are achieved as a result of project implementation.		methodology was described in the section D of the PDD version 2. The monitoring plan was revised according to the corrected methodology.	made.
CAR24 All the monitored baseline parameters must be included in the monitoring plan in the section D.1.1.3. of the PDD as per *Guidelines for users of the JI PDD form (version 04).*	36 (b)	The monitoring plan in the PDD ver.2 contains all necessary baseline parameters.	PDD was checked. The issue is closed.
CAR25 Application of emission factor for Ukrainian electricity grid for 2005 referred to "Ukraine - Assessment of new calculation of CEF" approved TUV SUD 17.08.2007" is illegitimate as this coefficient is valid since 2006. Please, make corresponding corrections of the monitoring plan and ERUs calculations.	36 (b)	The CAR has been taken into account I the PDD ver.2 and in the ERUs calculation. The CO2 emission factors for 2004-2005 were taken from the "Operational Guidelines for Project Design Documents of Joint Implementation Projects Volume 1: General guidelines" (ERUPT), issued by Ministry of Economic Affairs of the Netherlands.	The issue is closed on the basis of information provided and appropriate corrections made to the PDD.

		Carbon dioxide emission factors for 2006-2007 are taken from the document “Carbon dioxide emission factors (for energy consumption according to the methodology "Ukraine - Assessment of new calculation of CEF", approved by TUV SUD 17.08.2007); Carbon dioxide emission factors for 2008 are taken from Order of the National Environmental Investment Agency of Ukraine (hereinafter - NEIAU) № 62 of 15.04.2011 "On approval of specific carbon dioxide emission factors in 2008"; Carbon dioxide emission factors for 2009 are taken from the Order of NEIAU # 63 of 15.04.2011 "On approval of specific carbon dioxide emission factors in 2009”; Carbon dioxide emission factors for 2010 are taken from the Order of NEIAU # 43 of 28.03.2011. "On approval of specific carbon dioxide emission factors in 2010" Carbon dioxide emission factors	

		for 2011 are taken from the Order of NEIAU # 75 of 12.05.2011. "On approval of specific carbon dioxide emission factors in 2011".	
CAR26 Please, after making alteration of the monitoring plan and adding of all necessary parameters to be monitored, explicitly distinguish: (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination; (ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not available at the stage of determination; (iii) Data and parameters that are monitored throughout the	36 (d)	All parameters of the monitoring plan, which was corrected taking into account all issued remarks, are divided into three groups: (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination; (ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not available at the stage of determination; (iii) Data and parameters that are monitored throughout the crediting period.	The issue is closed on the basis of due amendments made in the PDD.

crediting period.		Indicated parameters were listed in the section D.1 of the PDD version 2.	
CAR27 All algorithms and formulae used to for the estimation/calculation of baseline and project emissions form each source, equipment type, transmission line of various types etc. must be included in the sections D.1.1.2 and D.1.1.4 of the PDD.	36 (f)	The methodology of baseline and project emissions calculation was altered to consider emissions form each project equipment type, transmission line of various types etc. must be included in the sections D.1.1.2 and D.1.1.4 of the PDD. All necessary algorithms and formulae were included in the sections D.1.1.2 and D.1.1.4 of the PDD version 2.	The issue is closed on the basis of the information provided and due corrections made in the PDD.
CAR28 Please, include all key monitored parameters to the table D.2., describe uncertainties and quality assurance procedures associated with them.	36 (f) (vii)	All parameters to be monitored including quality control and quality assurance procedures undertaken for data monitored were added to the section D.2 of the PDD.	The issue is closed on the basis of amendments made in the PDD.
CAR29 Please, add to the PDD (section D.3.) scheme identifying the responsibilities and roles establishing in the context project of monitoring plan.	36 (j)	The detailed information concerning responsibilities and roles distribution in the monitoring was included in the section D.3 of the PDD.	PDD was checked. The issue is closed.
CAR30 Algorithm of project and	45	For the period before 2010 the estimated emissions were	The issue is closed on the basis of the

baseline emissions estimation for each gas and emission source must be clearly indicted in the section E of the PDD. Please, explain which data (actual or historical) were used for ERUs estimation.		calculated on the basis of actual data concerning electricity grid condition. For the period after 2011 – predicted data according to the plan of company development. Necessary information was added to the section E of the PDD.	information provided and due corrections made in the PDD.
CAR31 The amounts of ERUs estimates in the Excel file and in the PDD are not equal. Please, make corresponding corrections.	45	The ERUs value was recalculated and the respective corrections were provided in the section E of the PDD version 2.	PDD and supporting documents were checked. The issue is closed.
CAR32 Information concerning emission sources in the project is missing in the section E. Please, add the appropriate information to the PDD.	45	The project covers only one source of emissions. The respective emission values are provided in the section E of the PDD version 2.	The issue is closed on the basis of the information provided and due corrections made in the PDD.
CAR33 The amount of ERUs in the section E.6., Table 19-21 is not equal to the difference of emissions of the project and baseline scenario. Please, make corresponding corrections.	45	The ERUs value was recalculated and the respective corrections were provided in the section E of the PDD version 2.	PDD was checked. The issue is closed.
FAR1 Please, submit any documented instruction indicating that the	36 (m)	The order on data to be monitored storage during two years after the last transfer of ERUs has been	This issue must be checked during the verification process.

data monitored are to be kept for two years after last ERUs transfer as per *JI determination and verification manual.*		prepared and submitted for approval at the enterprise.	
CL01 Simple cost analysis was correctly used to justify project's additionality. Please, clarify if the analysis provided considers profit obtained form the implementation of the energy efficient measures during the first year of the project implementation (when the normative losses are approved for the previous year). Please, clarify if the simple cost analysis can be applied in this case.	28	As the measures foreseen by the project begun in the end of calendar year, the company could not have any profit due to energy efficiency measures implementation. That is why simple cost analysis is properly applied for any project year.	The issue is closed on the basis of information provided.
CL02 As per *Guidance on criteria for baseline setting and monitoring* project participants must undertake to assess the potential leakage and appropriately explain which sources of leakage are to be calculated and which can be neglected. Please, provide	40 (a)	Corresponding information concerning the potential leakage was added to the section B.3 of the PDD.	The issue is closed on the basis of the confirmatory documentation and the information provided.

respective assessment, in particular, regarding potential leakage of sulphur hexafluoride.			