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Republic of Latvia

Cabinet

Regulation No. 510

Adopted 7 July 2008

## **Procedures for Implementation of the Kyoto Protocol Project Mechanisms**

*Issued pursuant to Section 14 of the  
Law On Participation of the Republic of Latvia  
in the Flexible Mechanisms of the Kyoto Protocol*

### **I. General Provisions**

1. These Regulations prescribe the procedures by which:
  - 1.1. the Kyoto Protocol project mechanisms are implemented;
  - 1.2. the Kyoto Protocol is assigned emission reduction units, certified emission reduction units, removal units and assigned amount units; and
  - 1.3. the emission reduction units and certified emission reduction units are utilised in the European Union Emission Allowance Trading System.
2. Implementation of the Kyoto Protocol project mechanisms shall include activities which are related to the preparation and approval of applications for projects referred to in the Kyoto Protocol (hereinafter – Protocol) (hereinafter – project), introduction and supervision of projects.
3. The approval of the Protocol's project mechanisms submitted in foreign states by the legal persons registered in the Republic of Latvia shall be provided in conformity with the memoranda of understanding entered into by the Republic of Latvia and other states in respect of the joint implementation of the Protocol's project mechanisms.

### **II. Preparation, Submission and Approval of a Project Application**

4. A project initiator – a legal person registered in the Republic of Latvia or another state – shall submit a project idea application in writing to the Ministry of Environment. A project idea application shall be prepared pursuant to Annex 1 to these Regulations. An initiator of projects related to land use, land-use change and forestry may be a natural person and a legal person.
5. If the measures referred to in the project idea application are related to the production of hydro-electric power in an installation, the capacity of which is more than 20 MW, the project initiator shall ensure the observance of the regulatory enactments regulating the requirements

for hydro-technical structures, as well as shall take into account the Report of the World Commission on Dams of November 2000, Dams and Development: A New Framework for Decision-Making". (Report is available electronically on the Internet home page of the Ministry of Environment).

6. The Ministry of Environment, within 14 days after the receipt of a project idea application, shall evaluate the conformity thereof with Article 6 or 12 of the Protocol and shall prepare and send an opinion to the project initiator. The project idea application shall be evaluated in accordance with the following criteria:

6.1. emission reduction (tonnes per year) or the linkage of carbon dioxide (increase of biomass) and the total emission reduction during the project implementation period; and

6.2. the return on fixed assets (including the value of emission reduction units) and the refund period.

7. If the opinion of the Ministry of Environment contains proposals or objections regarding a submitted project idea application, the project initiator within a time period of 14 days after the receipt of the opinion shall adjust the project idea application and resubmit it for evaluation. The Ministry of Environment shall evaluate the resubmitted project idea application within a time period of 14 days after the receipt thereof.

8. If the opinion of the Ministry of Environment contains objections regarding the re-submitted project idea application, the Ministry of Environment shall discontinue examination of the project idea application and, within seven days, shall notify the project initiator thereof.

9. If the opinion of the Ministry of Environment does not contain proposals or objections regarding the submitted project idea application and the Ministry of Environment supports the further advancement of the project, the project initiator shall, within 90 days, prepare a project application pursuant to Annex 2 to these Regulations.

10. A project initiator shall submit a project application to the Ministry of Environment in writing. A project application shall contain:

10.1. a description of the base scenario;

10.2. a description of expandability; and

10.3. a description of the monitoring.

11. The description of a base scenario shall identify all the possible greenhouse gas emissions from specific pollution sources or potential removals by sink that may arise if the specific project were not implemented. The description of a base scenario shall conform to the following criteria:

11.1. the calculations of emissions or removals by sink have been performed on the basis of a specific project or by making use of the emission factors of other projects; and

11.2. it has a transparent structure in respect of the assumptions, methodology, parameters, data acquisition sources and specific circumstances that are being utilised.

12. The requirements specified by the regulatory enactments in the field of environmental protection, as well as technological, technical or financial information regarding the measures planned for the implementation of the project shall be compiled in the description of expandability. The description of expandability shall conform to the following criteria:

12.1. the activities provided for in the project application are not specified in the regulatory enactments regarding environmental protection; and

12.2. the technologies or practice that in respect of emissions of greenhouse gases is equivalent to or better than the technology that dominates in the corresponding area or sector of economic activity is utilised in the implementation of the project.

13. The description of the monitoring shall include compilation of information regarding:

13.1. the data collection and storage procedures in order to evaluate or measure the amount of emission or removal by sink of greenhouse gases for the specific project in a specified period of time, as well as for the base scenario; and

13.2. the monitoring quality assurance and control procedures.

14. A project application and the information provided therein shall be available to the public in accordance with the procedures specified in regulatory enactments. If a project initiator considers that a part of the information is restricted access information, such information shall be submitted separately and the reasons for considering such information to be restricted access information shall be specified. If, pursuant to a decision of the Ministry of Environment, the information has been recognised as restricted access information, the Ministry of Environment shall ensure the protection thereof pursuant to the regulatory enactments regarding the freedom of information. If the Ministry of Environment does not agree that the information should be considered as restricted access information, it shall take a relevant justified decision and notify the project initiator about it in writing. The referred to decision may be appealed in court within a time period of one month in accordance with the procedures specified in the Administrative Procedure Law.

15. Within seven days after the acceptance of a project application the Ministry of Environment shall place a notification regarding the project application on the Internet home page of the Ministry of Environment, as well as send it electronically to the interested persons who have expressed a wish to receive such a notification and have submitted to the Ministry of Environment an e-mail address to which the notification shall be sent.

16. The place and deadline for getting acquainted with a project application and for the submission of proposals shall be specified in the notification. The time period for the submission of proposals shall not be less than one month from the receipt of the project application.

17. The day when a project initiator has submitted a project application in conformity with the requirements referred to in Paragraphs 9 and 10 of these Regulations shall be considered the day of receipt of the project application.

18. Within a time period of seven days after the deadline for the submission of proposals, the Ministry of Environment shall inform a project initiator regarding the proposals received and shall specify the time limit, by which they shall be evaluated and, where necessary, the project application shall be adjusted.

19. A project initiator shall send the adjusted project application in writing to the inspection authority referred to in Paragraph 20. If a project initiator does not submit the adjusted project application within the specified time period, the Ministry of Environment is entitled to discontinue the examination of the project application, notifying the project initiator about it within a time period of seven days.

20. Validation and verification examinations in conformity with the requirements specified in these Regulations shall be performed by inspection authorities that have been accredited by the State Agency “Latvian National Accreditation Bureau” in accordance with the requirements specified by the standard LVS EN ISO/EC 17020:2005 “General Criteria for Authorities of Different Types”, regarding the accreditation of which the Ministry of Economics has published a notification in the newspaper “*Latvijas Vēstnesis*” [the official Gazette of the Government of Latvia], or other notified authorities of the European Union Member States.

21. An inspection authority shall conform to the following requirements:

21.1. the employees of the authority have the relevant qualifications, the necessary comprehension of the basic principles of the Protocol’s project mechanisms, knowledge and skills regarding the environmental aspects of a project examination, calculation and monitoring of a project base scenario, the corresponding audit requirements and methods, as well as the methods for the calculation of greenhouse gas emissions and removals by sink;

21.2. the authority is financially stable, has the necessary resources, and has insured the civil liability thereof to such an extent as to cover the loss caused by a potential error, which has been calculated in the risk assessment of the area of activities of the authority in co-operation with the insurer chosen by the authority;

21.3. the internal procedures of the operation of the authority are described and this information is available to the public;

21.4. the management structure of the authority ensures a stable quality level of the services, including quality control and taking of decisions in respect of the validation or verification process, as well as the following:

21.4.1. information regarding the personnel of the authority is available — the given name, surname, qualification, description of experience;

21.4.2. a block scheme of the organisational management is developed, in which the division of powers, responsibilities and functions is clearly traceable;

21.4.3. the quality assurance policy and procedures of the authority are available;

21.4.4. the administrative procedures of the authority, including that of document control, are available;

21.4.5. the employee selection and training policy is available, as well as the description of the procedures that provide the employees with the necessary knowledge, skills and abilities, as well as reflect the achievements of the employees; and

21.4.6. the procedure for the examination of complaints and submissions submitted to the authority is available;

21.5. court proceedings have not been initiated against the authority for unlawful or malicious professional activities, fraud or other activities that are not compatible with the functions of an inspection authority.

22. An inspection authority shall perform the validation of a project application by evaluating whether a project application conforms to Article 6 or 12 of the Protocol and the regulatory enactments regarding environmental protection.

23. An inspection authority, within 30 days after the receipt of a project application, shall prepare and send a validation report to the Ministry of Environment and the project initiator in writing.

24. In the validation report an inspection authority shall specify whether the emission reduction or additional removal by sink acquired during the implementation of a project shall be defined as expandability, shall evaluate whether the project base scenario and the description of the monitoring conforms to Article 6 or 12 of the Protocol and regulatory enactments regarding environmental protection.

25. If a project application in accordance with the validation report conforms to the status of the Protocol's project mechanism, the Ministry of Environment, within 14 days, shall prepare a project application to be examined by the Monitoring Council referred to in Paragraph 26 of these Regulations. After the performance of validation, changes in a project application may be made only if a written consent of the Ministry of Environment has been received.

26. The composition of the Monitoring Council of projects shall include three representatives of the Ministry of Environment, one representative of the Ministry of Foreign Affairs, two representatives of the Ministry of Economics, one representative of the Ministry of Transport, two representatives of the Ministry of Agriculture, one representative of the Environmental Advisory Council, one representative of the Latvian Association of Local and Regional Governments. The personnel of the Council shall be approved by the Minister for Environment. The Council shall act in accordance with a by-law approved by the Minister for Environment. The Council shall be managed by a representative of the Ministry of Environment. The Ministry of Environment shall perform the secretariat functions of the Monitoring Council.

27. The Monitoring Council of projects shall examine joint implementation project applications and provide the Ministry of Environment with proposals regarding the granting of a status of the Protocol's project mechanism.

28. The Ministry of Environment shall approve a project application by granting a status of the Protocol's project mechanism thereto.

### **III. Project Introduction and Supervision**

29. A project initiator shall ensure:

29.1. the technical introduction of the project pursuant to the project application; and

29.2. the monitoring of emission or removal in conformity with the description of the monitoring.

30. The Ministry of Environment shall supervise the introduction of a project in conformity with the approved project application.

31. A project initiator, by 15 April of each year, shall submit a report to the Ministry of Environment regarding the introduction of the project for the previous calendar year. The report shall be prepared in conformity with Annex 3 to these Regulations.

32. A project initiator shall submit the report for examination in writing to such inspection authority, which has not performed the validation of the project application and is not dependent on the project initiator.

33. The inspection authority shall verify the conformity of the calculations or measurements provided in the report to the requirements specified in the project application, as well as the

methodology used, in order to establish whether the report contains complete, correct and true information regarding the monitoring results of emission or removal by sink.

34. A project initiator has a duty to provide the inspection authority with the necessary information and access to the technological equipment.

35. An inspection authority shall be responsible for the non-disclosure of restricted access information.

36. An inspection authority, within 20 days after the receipt of an annual report of the project, shall prepare and send a verification report in writing to the project initiator and the Ministry of Environment regarding the results of the examination.

37. If the documents referred to in Paragraphs 5, 10, 19, 23, 32 and 36 of these Regulations are submitted in printed form, a project initiator shall also submit to the institution the information included in the document, using electronic data carriers if such are available.

38. The Ministry of Environment, within one month after receipt of an annual report of the project and a verification report, shall evaluate the verification report and take a decision regarding the allocation of emission reduction units, removal units or assigned amount units. The referred to decision may be appealed in court within a time period of one month in accordance with the procedures specified in the Administrative Procedure Law.

#### **IV. Allocation of Emission Reduction Units, Certified Emission Reduction Units, Removal Units and Assigned Amount Units**

39. The Latvian Environment, Geology and Meteorology Agency on the basis of an application of a project initiator shall open an account in the greenhouse gas emission unit register (hereinafter – the emission register). At least two authorised persons who are entitled to operate with the account, as well as the given name, surname, address, telephone and fax number, as well as the e-mail address of each authorised person shall be indicated in the application.

40. Activities involving emission reduction units, certified emission reduction units, removal units or assigned amount units shall be performed electronically by using the emission register.

41. The emission register shall ensure the recording of the accumulation, transfer, replacement and cancellation of emission reduction units, certified emission reduction units, removal units and assigned amount units in the State.

42. Emission reduction units, certified emission reduction units, removal units or assigned amount units shall be transferred or cancelled upon the request of the authorised person. The request shall be submitted electronically by completing a form on the Internet home page of the emission register.

43. If a project initiator concurrently is an operator who participates in the European Union Emission Allowance Trading System in accordance with the procedures specified in the Law On Pollution, when emission reduction units are allocated to the project initiator, the same number of emission allowances allocated to the operator shall be cancelled.

44. Emission reduction units or removal units shall be allocated on the basis of an order of the Ministry of Environment regarding verified emission reduction resulting from the implementation of the Protocol's project mechanism from 1 January 2008.

45. In order to allocate emission units to a project initiator in accordance with Paragraph 44 of these Regulations, the project initiator shall submit an application regarding allocation of emission units to the Ministry of Environment. The Ministry of Environment, when taking a decision regarding the allocation of emission units, shall take into account the liabilities specified in the memorandum of understanding entered into by the Republic of Latvia and another state or in a contract regarding joint implementation of the Protocol's project mechanisms.

#### **V. Utilisation of Emission Reduction Units and Certified Emission Reduction Units in the European Union Emission Allowance Trading System**

46. An operator who participates in the European Union Emission Allowance Trading System may submit to the Latvian Environment, Geology and Meteorology Agency a submission regarding the replacement of the emission reduction units or certified emission reduction units in his or her account with emission quotas (hereinafter — the replacement of units) in accordance with the procedures specified in Section 32.<sup>4</sup> of the Law On Pollution. The given name, surname of the operator, for legal persons – name, the title of the project, the title and number of the units in the account and the number of units to be substituted shall be indicated in the submission.

47. In taking a decision regarding the submission referred to in Paragraph 46 of these Regulations, the Latvian Environment, Geology and Meteorology Agency shall take into account the following conditions:

47.1. units may be replaced up to the percentage part of the amount of emission quotas allocated to each piece of equipment. The percentage part shall be determined in the emission quota allocation plan for each period specified in Section 24<sup>1</sup>, Paragraph five of the Law On Pollution;

47.2. units may not be replaced if the emission reduction units or certified emission reduction units have been allocated for a project measure approved by one or several parties to the agreement specified in Annex I of the United Nations Framework Convention on Climate Change, which have ratified the Protocol in accordance with Article 6 or 12 thereof, if the relevant measure is related to land use, land-use change, forestry or nuclear facilities.

48. The Ministry of Environment in the decision regarding the replacement of units shall specify that one emission reduction unit or one certified emission reduction unit, which has been allocated to a project initiator in the emission register, shall be replaced by one emission quota. The referred to decision of the Ministry of Environment may be appealed in court within a time period of one month in accordance with the procedures specified in the Administrative Procedure Law.

## VI. Closing Provision

49. The following Cabinet Regulations are repealed:

49.1. Cabinet Regulation No. 257 of 13. May 2003, By-law of the Commission for Joint Implementation Projects Provided for in the Kyoto Protocol to the United Nations Framework Convention on Climate Change (*Latvijas Vēstnesis*, 2003, No. 73); and

49.2. Cabinet Regulation No. 115 of 7 February 2006, Regulations Regarding Implementation of Project Mechanisms under the Kyoto Protocol to the United Nations Framework Convention on Climate Change and Activities Related to Allocation and Utilisation of Emission Reduction Units, Certified Emission Reduction Units, Removal Units and Assigned Amount Units (*Latvijas Vēstnesis*, 2006, No. 34).

### Informative Reference to European Union Directive

These Regulations contain legal norms arising from Directive 2004/101/EC of the European Parliament and of the Council of 27 October 2004 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms, and Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC.

Prime Minister                      I. Godmanis

Minister for Environment        R. Vējonis



## **Idea of a Joint Implementation Project**

### 1. General information:

- 1.1. description of the project;
- 1.2. project implementation location;
- 1.3. information regarding developers of the project (given name, surname, telephone number, fax number, electronic mail address, registration number and address of the institution);
- 1.4. information regarding the person who is appointed as the developer of the project (given name, surname, telephone number, fax number and electronic mail address); and
- 1.5. time schedule for implementation of the project.

### 2. Technological and financial information:

- 2.1. short description of the technology: reduction of greenhouse gas emission pursuant to the equivalent of carbon dioxide (tonnes per year) and the total reduction of emission during implementation of the project;
- 2.2. the total increase of removal by sink during implementation of the project; and
- 2.3. the initial financial plan of the project: the return on fixed assets, including the value of emission reduction units and the refund period.

### 3. Sources for reduction of emissions and potential expansion thereof:

- 3.1. previous calculations prove the environmental and financial expandability, as well as legal expandability; and
- 3.2. the degree of reduction of anticipated emissions and of the increase of removal by sink.

### 4. Monitoring. Main elements of the monitoring.

### 5. Consultation of the interested parties in the investment preparation stage:

- 5.1. decision regarding publishing information regarding provision of availability of projects and information for documentation of the project; and
- 5.2. informing of the public on behalf of the interested parties.

### 6. Summary of the project idea for the public:

- 6.1. a short description of the project;
- 6.2. initial environmental impact assessment of the project; and
- 6.3. initial plan of the government for reduction of adverse environmental impact.

Minister for Environment     R. Vējonis

## **Application for a Joint Implementation Project**

1. General information:
  - 1.1. description of the project;
  - 1.2. project implementation location;
  - 1.3. information regarding the developers of the project (given name, surname, telephone number, fax number, electronic mail address, registration number and address of the institution);
  - 1.4. information regarding the person who is responsible for the development of the project (given name, surname, telephone number, fax number and electronic mail address); and
  - 1.5. the time schedule for implementation of the project.
2. Technological and financial information:
  - 2.1. description of the technology: reduction of greenhouse gas emission pursuant to the equivalent of carbon dioxide (tonnes per year) and the total reduction of emission during implementation of the project; and
  - 2.2. the initial financial plan of the project: the return on fixed assets, including the value of emission reduction units and the refund period.
3. Description of the base scenario.
4. Description of expandability.
5. Description of the monitoring.
6. Environmental impact assessment:
  - 6.1. mandatory environmental impact assessment and results thereof, including potential changes of emission which may be applied to the project application;
  - 6.2. impact on the local and regional development;
  - 6.3. environmental benefit on local and global scale;
  - 6.4. improvement of the social environment; and
  - 6.5. transition to more efficient and cleaner technologies.

7. Consultations with the interested persons:

7.1. information regarding publications which are related to the project idea application and provision of accessibility to documentation of the project application;

7.2. information regarding measures for informing the public; and

7.3. summary of consultations, compilation of favourable and unfavourable comments.

8. Summary of the project application for the public:

8.1. a description of the project application;

8.2. a short description regarding the fields and processes influenced by the project;

8.3. an environmental impact assessment of the project; and

8.4. a description regarding the planned or implemented measures in order to reduce adverse effects on the environment and human health.

Minister for Environment     R. Vējonis

## **Annual Report on the Joint Implementation Project**

1. General information:
  - 1.1. description of the project;
  - 1.2. project implementation location;
  - 1.3. information regarding the person who is responsible for the implementation of the project (given name, surname, telephone number, fax number and electronic mail address); and
  - 1.4. the reference period.
2. Information regarding the base scenario. If changes are made to the base scenario, a detailed description and explanation shall be required.
3. Emissions and removals by sink of the project:
  - 3.1. introduction regarding boundaries of the project: types of emissions and removals by sink taken into account in the reference period; and
  - 3.2. a detailed description confirming the calculations of emission and removal by sink of the project.
4. Reduction of emissions and increase of removal by sink implemented by the project during the reference period:
  - 4.1. the amount of reduction of emissions during the reference period (CO<sub>2</sub> eq. tonnes/per year); and
  - 4.2. the time schedule for introduction in the subsequent reference periods.
5. Description of the technology used:
  - 5.1. summarisation of the built-in equipment, installations and technical indicators thereof;
  - 5.2. detailed description regarding changes in comparison with the project application; and
  - 5.3. technical documentation (results of documentation related to the performance of measurements).
6. Financial report:
  - 6.1. investments and operating costs during the reference period; and
  - 6.2. financial support of the State, territorial local governments, the European Union or other sources during the reference period.

7. Results of the internal audit of the reference period.
8. Annual report, a copy of which is submitted to the Convention Secretariat and the Directorate-General for the Environment of the European Commission.
9. Summary for the public:
  - 9.1. base scenario of emission, boundaries of the project, technology used; and
  - 9.2. reduction of emissions during the reference period.

Minister for Environment     R. Vējonis