

Resolution No. 843 dated 28th October 2009
On Measures for Implementation of Article 6 of the Kyoto Protocol
to the UN Framework Convention on Climate Change

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

1. Approve the enclosed Regulations on Implementation of Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change.

2. Establish that the projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change are to be approved by the Ministry of Economic Development of the Russian Federation.

3. Vest the authority of participation in actions leading to receipt, transfer or acquisition of greenhouse gas emission reduction units in the open joint stock company “Joint Stock Commercial Savings Bank of the Russian Federation” (hereinafter – the Carbon Units Operator).

4. Establish that the Carbon Units Operator shall secure financing of the activities related to transfer and acquisition of carbon units with the proceeds received from operations with carbon units that are undertaken on a contractual basis.

5. Establish that the Project Design Document, which is part of the Application for approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN framework Convention on Climate Change, that has been registered by the Ministry of Economic Development of the Russian Federation for review prior to the entry into force of this Decree is to be handed over to the Carbon Units Operator in order to participate in the competitive selection of the said projects in accordance with the Regulations approved by this Decree.

6. Ministry of Economic Development of the Russian Federation should develop and approve the procedure for setting the limit of payments under contracts to be concluded with the Carbon Units Operator for carrying out operations with carbon units.

7. Hold invalid:

- Decree of the Government of the Russian Federation No. 332 dated 28th May 2007 "On Procedure for Approval and Checking of the Progress of Projects Implemented in Accordance with Article 6 of the Kyoto Protocol to the UN

framework Convention on Climate Change" (Compilation of Statutes of the Russian Federation, 2007, No. 23, Article 2797);

- Clause 13 of the Amendments that are introduced to the Decrees of the Government of the Russian Federation, approved by the Decree of the Government of the Russian Federation No.108 dated 14th February 2009 (Compilation of Statutes of the Russian Federation, 2009, No. 9, Article 1101).

The Prime Minister of the Russian Federation,
Vladimir Putin

APPROVED BY
the Resolution of the Government
of the Russian Federation No.843
dated 28th October 2009

REGULATIONS

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

1. These Regulations define the procedure for approval and checking the progress of the projects implemented in accordance with Article 6 of the UN Framework Convention on Climate Change (hereinafter - Protocol), as well as for receipt, transfer and acquisition of greenhouse gas emission reduction units (hereinafter – emission reduction units).

2. As used in these Regulations the following terms shall have meanings ascribed to them as follows:

"Project" shall mean the investment project implemented in accordance with Article 6 of the Protocol and targeted at reduction of greenhouse gas emissions from sources or (and) enhancement of removals by sinks;

"Project investor" shall mean the Russian legal entity that implements the project in accordance with the specified requirements;

"Focal point" shall mean the Ministry of the Economic Development of the Russian Federation;

"Operations with carbon units" shall mean the actions carried out in accordance with the international requirements and related to storage, transfer, acquisition and issue of emission reduction units, assigned amount units and removal units, as well as with transformation of emission reduction units, assigned amount units and removal units that are taken account of in the prescribed manner;

"Party" shall mean a country which is a party to the Protocol;

"Carbon Units Operator" shall mean the open joint stock company "Joint Stock Commercial Savings Bank of the Russian Federation";

"International requirements" shall mean the requirements set to preparation and implementation of projects, verification of project implementation results, issue of emission reduction units, their transfer and acquisition, that have been set by the decisions of the Conference of Parties, acting as a council of the Parties, and (or) by international treaties related to the project implementation assistance;

"Independent auditor" shall mean the organization that has the authority in accordance with the decisions of the Conference of Parties to issue expert opinions (expert statements) on the Project Design Documents and (or) on the Project Monitoring Reports in accordance with the international requirements.

3. The project shall be approved by the Focal Point through competitive selection of applications submitted by Russian legal entities that are eligible in accordance with Clause 8 of these Regulations (hereinafter – Applications, Applicants, respectively).

4. Competitive selection of Applications is carried out by the Carbon Units Operator relying on the Rules for competitive selection of projects specified by the Focal Point.

5. The Rules for competitive selection of projects shall specify:

a) The list of sectors (categories) of greenhouse gas emission sources and (or) sinks;

b) The limit of emission reduction (removal) units generated by the projects approved through competitive selection of Applications, that can be issued (hereinafter – the Competitive Selection Limit);

c) Requirements to the composition and content of an Application;

d) Deadline for Applications;

e) Criteria for selection of Applications, including energy and environmental efficiency of the expected results of the project activity, criteria that identify whether the project investor has technical and financial potential to achieve the claimed project results and also the expected economic and social effects from the project implementation;

f) The procedure for Application review and duration of the review process that may not exceed 45 days.

6. In development and approval of the Rules for competitive selection of Applications the Focal Point shall be governed by decisions of the Russian Government related to the commitments of the Russian Federation to reduce and limit its greenhouse gas emissions and by the economic and social development priorities, as well as by decisions of the Commission of the President of the Russian Federation for modernization and technical development of Russia's economy, which was set up by the Decree of the President of the Russian Federation No.579 dated 20th May 2009.

7. The Application shall consist of the following:

a) The Project Design Document developed in accordance with the requirements of the investment activity regulations and international requirements;

b) Positive expert opinion (determination report) on the Project Design Document issued by an Independent auditor selected by the Applicant;

c) Justification of the compliance of the claimed project parameters with the energy and environmental performance enhancement objectives of the investment object;

d) Documents confirming that the Applicant complies with the requirements set forth in these Regulations, *inter alia*, with regard to its technical and financial potential as of the investor of the project, and with regard to the expected economic and social effect of the project implementation.

8. As of the day of filing of an Application the Applicant shall comply with the following requirements:

a) The Applicant shall not be at the stage of bankruptcy and (or) winding-up;

b) The Applicant's operations shall not be suspended in accordance with the procedure specified in the Code of the Russian Federation on Administrative Violation;

c) The Applicant shall not have any tax arrears or any other outstanding obligatory payments or debts to budgets of any level or to state extra-budgetary funds for the previous calendar year;

d) The Applicant shall own or hold by virtue of any other proprietary right the facilities where projects are implemented or can be implemented.

9. The requirements set forth under items "a" and "c" of Clause 8 of these Regulations shall not apply to organizations, included in the list of "backbone" organizations in accordance with the decisions of the Governmental Commission for enhancement of sustainability of Russia's economy which was set up by the Resolution of the Government of the Russian Federation No. 957 dated 15th December 2008.

10. The Rules for competitive selection of Applications are to be posted on the official websites of the Focal Point and Carbon Units Operator in the Internet.

11. The Applications that have been submitted with violation of the requirements set forth by these Regulations shall not be considered. The Carbon Units Operator shall within five working days upon receipt of the Application check them for compliance with the Rules for competitive selection, and shall forward to the Applicant the Application acceptance notice or a reasoned rejection.

In order to take into account the opinion of any legal entities whose rights may be affected by the project, the Applications that have been admitted to

competitive selection are to be published on the official website of the Carbon Units Operator in the Internet. The Applications of any legal entities and individuals whose rights may be affected by the project are to be taken into consideration when summarizing the results of the competitive selection of Applications.

12. The Carbon Units Operator shall examine the Applications, and based on the results of this examination the Applications shall get a score proceeding from the selection criteria set forth under item “e” of Clause 5 of these Regulations.

13. To approve the results of the Applications examination and to prepare recommendations for the Focal Point, the Carbon Units Operator shall set up an Expert Council, whose members and rules of procedure are to be agreed with the Focal Point.

14. The results of the Application examination and recommendations of the Expert Council to approve the Application are executed in the form of the Minutes, which the Carbon Units Operator shall send to the Focal Point within three working days upon the date of the meeting of the Expert Council.

15. The Focal Point shall within ten (10) working days upon receipt of the Minutes take the decision to approve the projects or shall send to the Carbon Units Operator a reasoned rejection.

The reasons for rejection may be violation by the Carbon Units Operator of the Rules for competitive selection of Applications that has affected the results of competitive selection and (or) violation of the requirements of these Regulations.

16. The Focal Point shall notify the Applicant of the decision to approve the project within five working days upon making the decision.

17. The approved projects shall be registered in the Project Register kept by the Focal Point and shall be published on its official website.

The procedure for keeping the Project Register is to be established by the Focal Point.

18. The Register shall contain the following information:

- a) The name of the Project Investor;
- b) Project description;
- c) Planned volume of greenhouse gas emission reductions (removals);
- d) Project implementation period.

19. The Applicant is recognized as the Project Investor upon the project approval.

20. Upon approval of the projects the Focal Point shall pass a resolution regarding transfer of assigned amount units in the volume equal to the competitive selection limit to the Carbon Unit Operator's account in the Russian Carbon Register.

21. The project shall be implemented in accordance with the Project Design Document.

The Project Investor shall notify the Carbon Units Operator of the changes in the dates and (or) stages of works specified by the Project Design Documents, indicating the reasons for such changes, and also the measures that are undertaken to restore the project implementation schedule.

On agreement with the Focal Point the Project Investor may introduce changes to the project that do not lead to degradation of the project's energy and environmental performance.

22. The Project Investor shall submit the project monitoring report to the Focal Point and to the Carbon Units Operator every year, before the 30th of September of the year following the reporting year.

The project monitoring report submitted in hard copy and in electronic form shall contain:

- description of the actions undertaken in accordance with the Project Design Document;

- information on the differences between the estimated and actual level of emission reductions from a source and (or) between the estimated and actual level of removals by sinks (hereinafter the Project volume of emission reductions);

- expert opinion (verification report) on the project monitoring report, including check-up of correspondence of the actual project emission reductions to the values indicated in the Project Design Document, the verification report shall be prepared by the Independent Auditor selected by the Project Investor.

In the course of the year the Investor may submit interim monitoring reports.

23. Provided that the verification report on the project monitoring report is positive, the Focal Point in accordance with the international requirements within five working days upon receipt of the corresponding Application from the Project Investor shall pass a resolution to issue emission reduction units in the amount equal to the Project volume of emission reductions, but not higher than the level specified in the Project Design Document by transforming the corresponding amount of assigned amount units in the Carbon Units Operator's account.

The said emission reduction units are credited on the account of the Carbon Units Operator in the Russian Carbon Register.

24. The Focal Point shall check the following:

- timely submission of the project monitoring reports and their compliance with the requirements set forth in these Regulations;
- compliance of the Project Investor with the requirements set forth in Clause 8 of these Regulations;
- the Carbon Units Operator's activity in pursuance of its functions set forth by these Regulations through quarterly reports submitted by the Carbon Units Operator. The reporting form shall be specified by the Focal Point.

25. The project shall be written off from the Register by the Focal Point in the following cases:

- a) repeated (more than two times) violation by the Project Investor of the deadlines for submission of monitoring reports set forth in these Regulations;
- b) negative expert opinion on the monitoring report;
- c) winding-up of the legal entity which is the Project Investor.

26. Information about exclusion of the project from the Project Register by the Focal Point shall be posted on its official website.

27. The Carbon Units Operator shall transfer the emission reduction units corresponding to the project to the carbon accounts of third parties based on the following:

- a) Application of the Project Investor;
- b) Project monitoring report;
- c) Agreement concluded by the Project Investor with a third party and agreed with the Carbon Units Operator.

28. The actions of the Carbon Units Operator in the interest of the Project Investors and third parties shall be undertaken on a contractual basis.

The procedure for setting the limit of payments under the contracts for carrying out operations with carbon units shall be established by the Ministry of Economic Development of the Russian Federation.

29. Every year, before the 31st of March of the year following the reporting year, The Focal Point shall submit to the Government of the Russian Federation a report on the results of activities undertaken in pursuance of these Regulations.
