

# Special Update on tender rules for selecting Joint Implementation projects under Kyoto Protocol in Russia

March 2010



## Tender rules for selecting Joint Implementation projects in Russia

The Government has recently introduced significant changes to the approval process for joint implementation projects (“JI Projects”) in Russia. On 28 October 2009, the Government issued Resolution No. 843 “On Measures for Implementing Article 6 of the Kyoto Protocol”.

On 23 November 2009, the Ministry for Economic Development (“MED”) issued Decree No. 485 establishing tender rules for selecting applications submitted for approval of JI Projects (the “Tender Rules”).

This Special Update provides a brief overview of the Tender Rules for reviewing and selecting applications submitted by Russian legal entities (“applicants”) to the carbon units operator that is represented by JSC “Joint Stock Commercial Saving Bank of the Russian Federation” (“Sberbank”) for approval of JI Projects.

### Tender requirements

The Tender Rules identify a list of sectors (categories) that are sources of greenhouse gases (“GHGs”) and/or sinks of GHGs under which applications for JI Projects will be accepted. These sectors (categories) include: (i) the energy sector; (ii) industrial processes; (iii) use of solvents and other products; (iv) agriculture (including forestry); and (v) waste.

Within each tender, the maximum amount of emission reduction units (“ERUs”) that can be generated from JI Projects may not exceed 30 million of tons of equivalent carbon dioxide.

### Tender selection procedure

An applicant must submit an application to Sberbank to participate in a tender. The Tender Rules require that the application contain supporting documentation, including (i) the project documentation; (ii) a positive expert opinion on project documentation; (iii) materials confirming the project’s compliance with energy efficiency and environmental protection; and (iv) materials confirming applicant’s technical and financial capability to implement the JI Project.

The deadline for submitting applications must be within 25 days from the date of Sberbank’s official publication of the tender announcement. Sberbank then has 45 days from the date of acceptance of an application to review the application to ensure its compliance with the Tender Rules. The result of the review must be coordinated with the Expert Council formed by Sberbank.

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### **Tender selection criteria**

The Tender Rules list criteria for selecting tender application. Sberbank is to review applications based on the following criteria and allocate points to the applicant: (i) energy efficiency and environmental impact of the JI Project (1 to 5 points); (ii) technical and financial potential of an applicant sufficient to complete the JI Project (1 to 5 points); and (iii) economic and social impact from implementation of the JI Project (0 to 3 points). The application's final score is determined by calculating the points for each tender selection criteria based on the formula established by the Tender Rules.

### **Practical implementation**

The first tender for JI Projects was held by Sberbank during the period from 17 February through 12 March 2010. According to public sources, there were 44 applications submitted to Sberbank for 75 million tons of equivalent carbon dioxide. According to the governmental officials, the results of the review of the submitted applications will be available by 7 May 2010, and if the tender is a success, Sberbank plans to hold two or three more tenders during 2010.

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