

**MINISTRY OF ECONOMIC DEVELOPMENT
OF THE RUSSIAN FEDERATION**

ORDER

Moscow

November 23, 2009

No. 485

Stamp: Registered by the Ministry of Justice of the Russian Federation
Registration No. 16220 of February 3, 2010

On approval of the Rules for competitive selection of applications submitted for approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change

In pursuance of item 4 of the Regulations on Implementation of Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change approved by the Resolution of the Russian Government No. 843 of October 28, 2009 "On Measures for Implementation of Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change" (Compilation of Statutes of the Russian Federation 2009, No.44 Article 5240) hereby it is ordered:

To approve the enclosed Rules for competitive selection of applications submitted for approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change.

E.S. Nabiullina,
The Minister

Round stamp: The Ministry of Economic Development of the Russian Federation
Administrative Department No.3

The Rules for competitive selection of applications submitted for approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change

I. General provisions

1. These Rules specify the procedure for competitive selection of applications submitted by Russian legal entities for approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to UN Framework Convention on Climate Change (hereinafter – the Competitive Selection).
2. The Competitive Selection is an open competition and it is performed by the Carbon Units Operator in accordance with the Regulations on Implementation of Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change approved by the Resolution of the Russian Government No. 843 of October 28, 2009 “On Measures for Implementation of Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change” (Compilation of Statutes of the Russian Federation 2009, No.44 Article 5240) (hereinafter – the Regulations), and by these Rules.
3. The purpose of the Competitive Selection is to approve projects implemented in those sectors (categories) of GHG emission and (or) absorption sources that are specified in Annex 1 to these Rules.
4. No fee is charged for participation in the Competitive Selection.
5. For each Competitive Selection the limit of issuable emission reduction (absorption) units generated by the projects approved through such Competitive Selection (hereinafter – the Competition Quota) may not exceed 30 Mt CO₂e.
6. The information on the selection process (including the call for submission of applications, the deadlines for applications, the competition quota, the list of sectors (categories) of GHG emission and (or) absorption sources covered by projects; the date and place of application examination; the results of competitive selection) is to be posted on the official Internet site of the Carbon Units Operator.

II. Requirements to the contents and filing period of applications submitted for approval of investment projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change

7. In order to participate in the Competitive Selection a Russian legal entity (hereinafter – the Applicant) shall submit to the Carbon Units Operator an application in compliance with the requirements laid down in Annex 2 to these Rules.
8. The application may, as an option, enclose other documents with information about the investor, including proof of its competence, as well as description of the expected economic and social effects of the project, including introduction of leading-edge production technologies, scale effect of the project, creation of new jobs and improvement in the employees' qualification, and demonstrating other positive effects of the project.
9. The determination report on the project design document issued by an independent auditor selected by the Applicant, justification of compliance of the stated project parameters with the investment object's energy and environmental performance targets, as well as materials demonstrating the eligibility of the project applicant under the requirements specified by the Regulations, all being parts of the application, are to be submitted in a free form.
10. The application period may not exceed 25 days upon publication of the call for applications on the official Internet site of the Carbon Units Operator.
11. The applications submitted with violation of the requirements specified by the Regulations and these Rules shall not be considered.

12. Within 5 working days upon submission of an application the Carbon Units Operator shall check it for compliance with these Rules and shall send an application acceptance notice or a reasoned rejection to the Applicant.

III. The application examination procedure

13. The examination is carried out with a view to comparative assessment of the applications accepted for competitive selection using the specified selection criteria.
14. Based on the results of the comparative assessment specified in item 12 of these Rules, the applications shall be rated by the number of points each of them shall score. The overall score of an application shall be determined in accordance with Annex 3 to these Rules.
15. The application examination period may not exceed 45 days upon its acceptance for competitive selection.
16. The results of the application examination together with justification of the overall assessment scores shall be presented for review to the Expert Council set up by the Carbon Units Operator and the Expert Council shall within 10 days approve such results and prepare recommendations for the Coordination Center regarding approval of such applications.
17. The results of the application examination and recommendations of the Expert Council regarding application approval shall be recorded in the Minutes.

IV. The application selection criteria

18. The applications shall be assessed by the Carbon Units Operator using the following selection criteria:

Criteria of energy and environmental efficiency (c1) defined by the relative reduction of energy resources consumption, relative reduction of environmental impact before and after the project implementation versus the same for the best technologies and best practices of similar projects;

Criteria of technical and financial potential (c2) which is assessed on the basis of data provided by the investor regarding availability of necessary technical means and technologies and (or) contracts with competent organizations as well as availability of financial means (equity or raised funds) in the amount required for implementation of the project in accordance with the project design document;

Criteria of economic and social effect of the project (c3) assessed on the basis of data provided by the investor regarding the compliance of the planned project results with the decisions of the Government of the Russian Federation applicable to innovative development of economy and social sphere, as well as with the decisions of the President's Commission for modernization and technological development of Russia's economy.

Annex 1

To the Rules for competitive selection of applications submitted for approval of projects
implemented in accordance with Article 6 of the Kyoto Protocol
to the UN Framework Convention on Climate Change
approved by the Order of the Russian Ministry of Economic Development
No. 485 of 29.11.2009

The List of Sectors (Categories) of GHG Emission and (or) Absorption Sources

1. Energy.
 2. Industrial processes.
 3. Use of solvents and other products.
 4. Agriculture (including forestry).
 5. Wastes.
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To the Rules for competitive selection of applications submitted for approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change approved by the Order of the Russian Ministry of Economic Development No. 485 of 29.11.2009

The Requirements to the Contents of Applications

The application shall include:

1. The project design document.
The project design document shall give the following project details:
 - a) name of the project, aim, objectives and implementation period;
 - b) project type (reduction of GHG emissions from sources or increase in GHG absorption);
 - c) sector (category) of emission reduction and (or) absorption source selected for the project;
 - d) characteristics of the project that allow to refer the source to the source sector (category) or identify the absorption source including the source location;
 - e) baseline for the project implementation for the entire period of its implementation;
 - f) planned GHG emission reductions from the source and (or) increase in absorption as a result of the project implementation over the entire period;
 - g) description of actions that serve to ensure achievement of the project targets (business plan);
 - h) description of technologies, products and measures envisaged by the project;
 - i) stage-by-stage plan of the project implementation including timing of equipment procurement and installation;
 - j) brief description of the duly prepared environmental impact assessment of the project;
 - k) outline of potential risks related to the project implementation and measures that are to minimize the specified risks;
 - l) method and plan of monitoring of GHG emission reduction and (or) increase in absorption;
 - m) information on the persons responsible for overall management of the project, including distribution of authority and contact details of these persons;
 - n) description of the financial model of the project which is to be developed using the Guidelines for Investment Project Efficiency Assessment approved by the Ministry of Economy, the Ministry of Finance and Rosstroy (Russian Construction Authority) on June 21, 1999 No. VK 477.
2. Positive determination reports on the project design documentation prepared in compliance with the international requirements by an independent auditor selected by the Applicant;
3. Analytical materials that contain justification of compliance of the specified project parameters with the investment object's energy and environmental performance enhancement targets, including information on compliance of the technologies applied by the project with the leading-edge technologies in the project sector, including analysis of the relevant international practices.
4. Materials confirming that the project applicant is eligible under the requirements of the Regulations, including technical and financial potential of the project investor and expected economic and social effects of the project:
 - a) Documents demonstrating that the Applicant does not have any tax arrears or any other outstanding obligatory payments or debts to budgets of any level or state extra-budgetary funds for the previous calendar year which is to be duly confirmed by the relevant authorized state bodies (excluding organizations listed as "back-bone" organizations in accordance with

the decisions of the Governmental Commission for enhancement of sustainability of Russian economy development);

- b) Duly verified copies of documents that confirm that the Applicant owns or holds by virtue of any other proprietary right those facilities where projects are or can be implemented;
 - c) A statement submitted by the Applicant in a free form saying that he is not at the stage of bankruptcy and (or) winding-up, nor are its operation suspended in accordance with the Administrative Violations Code of the Russian Federation;
 - d) Documents confirming that the investor has necessary technical means and technologies and (or) contracts with competent organizations, as well as financial means (equity or raised funds) in the amount required for the project implementation in accordance with the project design document;
 - e) Documents containing data that demonstrate compliance of the planned project results with the decisions of the Russian Government as related to Russia's commitment to cap and limit its GHG emissions and economic and social development priorities, and with the decisions of the President's Commission for modernization and technological development of Russia's economy set up by the Decree of the Russian President No.579 of May 20, 2009.
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The Rules for Calculation of the Overall Score of an Application

The overall score of an application is calculated by multiplying the points the application scored for each evaluation criteria.

The overall score is calculated by the formula:

$$M = B1*B2*B3,$$

Where M is the overall score of an application;

B1 is the points scored for evaluation criteria c1. Project applications with the highest energy and environmental efficiency get the highest score.

B2 is the points scored for evaluation criteria c1. Project applications with the highest technical and financial potential get the highest score.

B3 is the points scored for evaluation criteria c3. Project applications with the highest economic and social effect get the highest score.

Table. Calculation of the application score.

Criteria	Score
C1	On a scale of 1 to 5
C2	On a scale of 1 to 5
C3	On a scale of 0 to 3
