

JOINT IMPLEMENTATION PROJECTS – POSSIBILITIES FOR REALIZATION IN POLAND

Guidebook for investors

STEP BY STEP JI PROCEDURES IN POLAND

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Introduction

The guidebook „Joint Implementation projects – possibilities for realization in Poland” was prepared in The National Centre for Emissions Management (KOBiZE)/ The National Administration of the Emission Trading Scheme (KASHUE). The main goal of the guidebook is to support potential investors, who are interested in realizing JI projects in Poland.

The Joint Implementation mechanism was introduced by article 6 of the Kyoto Protocol and its aim is to jointly undertake projects reducing greenhouse gases emissions among countries from Annex 1 to the United Nation’s Framework Convention on Climate Change (UNFCCC), enabling achieving emission reductions from projects realized within Annex 1 countries. The JI mechanism is based on the differentiation between reduction costs among Annex 1 countries. The investor country reduces its reduction costs (in comparison to the necessary costs needed for its domestic projects) and obtains emission reduction units (ERUs), while the host country gains from the newly introduced environmental technologies and achieves measurable emission reductions (through the project operation).

The guidebook shows primary procedural and legislative preconditions (both national and international), which are required, to successfully approve and implement JI projects in Poland. It also highlights the previous experiences with this type of projects in Poland, providing potential investors with a broad „know-how”.

In addition, the guidebook contains basic information related to the carbon market in Poland and worldwide and presents general information on flexible mechanisms and on rules regarding the use of CERs and ERUs in the EU ETS. All the provided information constitute a solid background for people who have not had a chance to deal with the abovementioned issues before.

The following text comprises the section 4 (entitled: “Step by step JI procedures in Poland”) of the guidebook „Joint Implementation projects – possibilities for realization in Poland”. The full text of the guidebook is available in Polish on the KASHUE/KOBiZE website (www.kashue.pl). The document consists of a set of procedural guidelines aimed at supporting potential investors interested in realizing JI projects in Poland.

1 Step by step JI procedures in Poland

Table 1. The scheme of JI Track I procedure in Poland.

ENTITY PHASE	AIE / entitled entity	Project proponent	Minister of the Environment	KOBiZE
LETTER of ENDORSEMENT	REPORT confirming, that the project will not cause double counting within the EU ETS	APPLICATION (form - article 41 para 1 of the Act) for the issuance of the Letter of Endorsement along with appendixes: - report - declaration The proponent holds the Letter of Endorsement, which is valid for 1 year from the date of its issuance	Transfer of the application to KOBiZE within 14 days LETTER of ENDORSEMENT or a refusal, issued within 30 days from the date the opinion was transferred from KOBiZE	OPINION in form of a provision issued within 45 days from the date the application was transferred
		PROJECT DESIGN DOCUMENT prepared according to provisions laid down in article 40 para 7 item 1 of the Act and to the decree issued in accordance with article 41 para 2 of the Act		
LETTER of APPROVAL	DETERMINATION REPORT	APPLICATION for the issuance of the Letter of Approval along with appendixes: - PDD - determination report - EIA report - letter of approval from the buyer's country The proponent holds a valid Letter of Approval	Transfer of the application to KOBiZE within 14 days LETTER of APPROVAL or a refusal, issued within 30 days from the date the opinion was transferred from KOBiZE	OPINION in form of a provision, issued within 45 days from the date the application was transferred
		PROJECT START (the project generates ERUs within the period 2008-2012) and project monitoring in accordance with the monitoring plan in PDD STATEMENT from the project monitoring prepared according to the decree issued in accordance with article 47 item 1 of the Act		
IMPLEMENTATION and MONITORING				
ERUs VERIFICATION	ERUs VERIFICATION REPORT prepared according to the decree issued in accordance with article 47 para 2 of the Act			
ERUs TRANSFER		APPLICATION for the ERUs transfer along with appendixes: - buyer's authorization - sale contract - verification report submitted within 6 months from the end of the monitoring period covered by the statement	APPROVAL for the ERUs transfer in form of an administrative decision issued within 21 days from the date of the application submission (article 50 para 7 of the Act)	ERUs transfer to the indicated account is carried out within 21 days upon receipt of the copy of the final decision (article 50 para 10 of the Act) The submission of the report to KOBiZE by the proponent is carried out within 6 months from the end of the monitoring period covered by the statement

Source: KASHUE-KOBiZE, Warsaw 2010

This section covers the project cycle divided into separate phases, starting with the project idea, through the project approval and implementation, to the final transfer of ERUs generated by the JI project undertaken in Poland. The covered procedures are based on the [Act on the system of managing emissions of greenhouse gases and other substances of 17th of July 2009](#)¹ (Polish Journal of Laws no. 130, item 1070; further referred to as the Act) and represent the formal requirements of the JI projects realization within Track I and Track II. In general, the JI project approval runs in two stages and is based on applying for two separate documents, which are the Letter of Endorsement (LoE) and then the Letter of Approval (LoA). The LoE stage is presented in [section 1.2](#) and the LoA stage in [section 1.4](#). Depending on the choice of Track, the procedure might include the involvement of JISC. The phases of implementation, monitoring and verification are covered in [section 1.5](#) and [section 1.6](#). The final transfer of ERUs generated by the project is carried out in the National Registry in accordance with the procedure presented in [section 1.7](#). Table 1 indicates the roles and responsibilities of different entities involved in the process of JI project realization and lists certain documents which are required within separate stages of the project cycle.

1.1 Differences between JI Track I and Track II procedures in Poland

In case the project proponent chooses Track II for the project realization, the project cycle is based on rules and modalities on an international level. Taking into account that the implementation of the clean development mechanism (CDM) is far ahead than JI, the project cycle within JI Track II significantly draws on the rules and modalities of the CDM project cycle. The verification procedure for Track II (the realization procedure for JI Track II projects) was launched by JISC on the 26th of October 2006. The terminology within JI procedures slightly differs from the one used in case of CDM projects. For JI projects the term determination refers not only to the assessment (validation in case of CDM) of the project design document but also to the verification of achieved emission reductions. Nonetheless, the most important part of the procedure within JI Track II is the fact, that it is held on an international level and requires involvement of JISC and it is JISC that supervises the assessment of both of the abovementioned determination stages.

The basic steps within the JI Track II procedure are described below.

- 1) The Accredited Independent Entity (AIE) determines that the project meets the requirements of the JI guidelines and makes its determination publicly available.
- 2) Two JISC members, advised by two experts, appraise the determination report.
- 3) The JISC or a Party involved may request a review of the project. If no review is requested within 45 days, the determination is deemed final.
- 4) The project participants monitor the emission reductions or removals generated by the project in accordance with the monitoring plan, prepare a monitoring report and send the monitoring report to the AIE.
- 5) The AIE verifies the emission reductions or removals set out in the report and makes its verification report publicly available.
- 6) Two JISC members appraise the verification report.
- 7) The JISC or a Party involved may request a review of the project. If no review is requested within 15 days, the verification is deemed final.

¹ <http://isap.sejm.gov.pl/Download?id=WDU20091301070&type=1>

Table 2. Comparison of Track I and Track II in Poland in accordance with the Act.

	Track I in Poland	Track II in Poland
The application for the issuance of the Letter of Endorsement / PIN	<ul style="list-style-type: none"> submitted in hard and electronic copies, in Polish and in English, to the Minister of the Environment (article 40 para 2 of the Act) the scope of formal requirements is laid down in the article 40 paras 4 and 5 of the Act the application form will be determined by the decree of the Minister of the Environment (article 41 para 1 of the Act) 	<p>in accordance with the requirements determined for Track I</p> <p>(according to the JI Guidelines the LoE stage within Track II (PIN) is not formally required)</p>
Project Design Document (PDD)	<ul style="list-style-type: none"> one of the appendixes submitted along with the application for the issuance of the Letter of Approval the scope of information required to include in the PDD is laid down in the article 40 para 7 item 1 of the Act the detailed scope will be determined by the decree of the Minister of the Environment (article 41 para 2 of the Act) 	<p>the form is approved by JISC and available on the UNFCCC website</p>
Determination report	<ul style="list-style-type: none"> prepared by the AIE or by an entitled entity (article 40 para 7 item 2 of the Act) the list of entitled entities is held by KOBiZE and available on its website (article 36 para 4 of the Act) the requirements for entitled entities will be determined by the decree of the Minister of the Environment (article 36 para 4 of the Act) 	<ul style="list-style-type: none"> prepared by the AIE the form is approved by JISC and available on the UNFCCC website is passed on through AIE to JISC to provide an assessment; negative assessment results in expiration of the Letter of Approval (article 43 of the Act)
The application for the issuance of the Letter of Approval	<ul style="list-style-type: none"> submitted in hard and electronic copies, in Polish and in English, to the Minister of the Environment (article 40 para 2 of the Act) the scope of formal requirements is laid down in the article 40 para 6 of the Act the appendixes to the application are (article 40 para 7 of the Act): <ul style="list-style-type: none"> ✓ PDD ✓ Determination report ✓ EIA report ✓ Letter of Approval from the buyer's country 	<p>in accordance with the requirements determined for Track I</p> <p>(according to the JI Guidelines application for LoA within Track II is not formally required)</p>
Statement from monitoring	<ul style="list-style-type: none"> prepared by the project proponent (article 45 of the Act) relates to a period of no longer than 1 year and determines the amount of emission reductions and a corresponding amount of ERUs (article 45 paras 3 and 4 of the Act) the form and layout will be determined by the decree of the Minister of the Environment (article 47 para 1 of the Act) 	<p>in accordance with the requirements determined for Track I</p>
Verification report	<ul style="list-style-type: none"> prepared by the AIE or by an entitled entity (article 45 paras 5 and 6 of the Act) verifies and determines the amount of ERUs (article 45 para 7 of the Act) the form and layout will be determined by the decree of the Minister of the Environment (article 47 para 2 of the Act) 	<ul style="list-style-type: none"> prepared by the AIE the form is approved by JISC and available on the UNFCCC website is passed on through AIE to JISC to provide an assessment; negative assessment results in expiration of the Letter of Approval (article 46 of the Act)

Source: KASHUE-KOBiZE, Warsaw 2010

Track I for the JI projects realization, which (also) consists of two determination stages i.e. the PDD determination (determination report) and the determination (verification) of the ERUs units, is based on national regulations and does not consider involvement of JISC. The country can use Track I procedures, as long as it is in compliance with certain [eligibility requirements](#).

Polish procedure for the realization of JI projects within Track I was sanctioned along with the Act entering into force. This procedure consists of basic elements which are described in detail in sections 1.2 – 1.7.

1.2 Letter of Endorsement (LoE) phase

Most of JI projects begin with a preparation of a short document which briefly describes the project idea. Usually the project proponent conducts a feasibility study to determine whether it is worth to continue on working on the project. Based on a prepared study it can be initially determined, what quantity of emission reductions would be achieved, what costs would accompany those reductions and whether the project is in compliance with rules and guidelines set for JI projects. The result of such an early assessment is in most cases a decision regarding the future development of a project.

As of yet, within the JI project realization, such a decision was usually made based on a document called Project Idea Note (PIN). Apart from the abovementioned elements, PIN also gives an opportunity to evaluate how a certain project is received by the host country and whether the host country expresses willingness to approve it in the future. A document such as PIN includes basic information related to expected emission reductions, to project additionality and estimations regarding the necessary financial expenditures. Despite the fact that within Track II the preparation of PIN is not formally obligatory, it is beneficial, as it is a good way to present the project to both the investor and host countries (DFPs – Designated Focal Points) to gain their initial approbation.

In comparison to the international Track II procedure, where the preparation of PIN is not obligatory, in the Polish Track I procedure for JI projects, this primary stage is binding and it is sanctioned by the Act. It is the phase of the Letter of Endorsement (LoE) issuance and what is worth mentioning, according to the Polish regulations, it is mandatory both for Track I and Track II.

The Polish equivalent of the abovementioned PIN is the application for the issuance of the Letter of Endorsement. According to article 40 paragraph 2 of the Act, the project proponent submits the application in hard and electronic copies, in Polish and in English, to the Minister of the Environment. Upon receiving the application the Minister transfers the application to the National Centre for Emissions Management (KOBiZE) within 14 days from the date of receipt (article 40 para 3 of the Act). KOBiZE issues an opinion in form of a provision within 45 days from the date the application was transferred (article 38 para 3 of the Act). This provision is then sent to the project proponent and to the Minister of the Environment. The Minister of the Environment issues the Letter of Endorsement in form of an administrative decision within 30 days from the date the opinion was transferred from KOBiZE, if the project meets all the conditions laid down in article 39 of the Act.

According to article 40 paragraph 4 of the Act, the application for the issuance of the Letter of Endorsement should include:

- 1) full name and address or name, location and address of the residence of the project proponent;
- 2) location of the project;
- 3) expected emission reductions or avoidance of greenhouse gases or removal by sinks of carbon dioxide (CO₂);
- 4) indication of the expected period, when the project will generate emission reductions;

- 5) description of the project and the technology applied;
- 6) description of methods and sources of project financing;
- 7) information related to:
 - a. expected environmental, social and economic effects of the project,
 - b. the phase of implementation of the project as of the day the application is submitted,
 - c. planned Track for the project.

According to article 40 paragraph 5 of the Act, the following appendixes should be attached to the application:

- 1) declaration of the project proponent, stating that the project will not result in emission reductions from installations covered by the European Union's Emission Trading Scheme (EU ETS), i.e. it will not cause double counting;
- 2) report confirming, that the project will not cause double counting within the EU ETS, prepared by an Accredited Independent Entity (AIE) or an entitled entity (article 36 of the Act).

The form of the application along with the detailed scope of the information to be included within the application (related to the abovementioned 7 points) will be determined by the decree of the Minister of the Environment (article 41 para 1 of the Act).

According to article 39 paragraph 1 of the Act, a Letter of Endorsement can be issued, when the project meets all of the following conditions:

- 1) it does not relate to fully implemented and finalized investments;
- 2) it is one of the undertakings, that can be implemented within JI mechanism in Poland;
- 3) it does not result in emission reductions from installations covered by the EU ETS;
- 4) it is not a method of complying with obligations deriving from EU or national legal regulations.

These conditions are thoroughly checked by KOBiZE and based on this assessment an opinion is issued, which is a basis for the Minister of the Environment to issue the Letter of Endorsement for the project. When applying for the Letter of Endorsement, it is crucial that the project proponent analyzes the project information to be included in the application, in scope of these four key requirements. Below there is a more detailed description of the abovementioned conditions.

The project does not relate to fully implemented and finalized investments

The proposed project, for which the application for the Letter of Endorsement is submitted to the Minister of the Environment, cannot be a fully implemented and running project. If it was implemented before the application, it means that the use of the Joint Implementation mechanism was not indispensable to implement and start the project. Such a project cannot be deemed as additional and therefore, cannot be considered as a JI project.

The project is one of the undertakings, that can be implemented within JI mechanism in Poland

The proposed project must be one of the types of undertakings listed in the decree, which will be issued by the Minister of the Environment based on the provisions laid down in article 39 paragraph 3 of the Act. Therefore, the assessment of this condition depends on the entry into force of the abovementioned decree.

The project does not result in emission reductions from installations covered by the EU ETS

In relation to the UE legal framework requirements, particularly to the provisions of [linking directive](#) and to the [decision on avoiding double counting](#), it is not possible to transfer ERUs for reductions from installations covered by the EU ETS. To safeguard these provisions it is therefore necessary to attach the abovementioned declaration and report to the application.

The project is not a method of complying with obligations deriving from the EU or national legal regulations

It is one of the elements assuring the additionality of a JI project. If the proposed undertaking is only a way of complying with certain legal obligations enforced on the entity, either national or EU obligations, than this type of undertaking will not comply with this condition and what comes along it will not qualify as a JI project. The realization of a project should exceed above the binding legal framework.

The issued Letter of Endorsement expires in one year from the date it was delivered to the project proponent, unless the project proponent applies for the Letter of Approval. The expiration of the LoE is confirmed by an administrative decision issued by the Minister of the Environment (article 38 paras 7 and 8 of the Act).

1.3 Preparing the Project Design Document (PDD)

Upon receiving the Letter of Endorsement, the project proponent can prepare the application for the issuance of the Letter of Approval. To do so, it is necessary to prepare the Project Design Document of the project. The design documentation described in article 40 para 7 item 1 of the Act, which must be attached to the application for the issuance of the Letter of Approval is an equivalent of the design document on the international level (within Track II procedure). In case the project proponent chooses the Track II procedure, there are established forms for the project design document and guidelines on how to complete the PDD. These forms, in their current versions, are available on the [UNFCCC website](#)². In case the project proponent chooses Track I to realize the JI project in Poland, for the project documentation, which has to be attached to the application as one of the appendixes, the Act does not stipulate the exact layout of the document but provides a scope of information, that need to be included within the documentation. According to article 40 paragraph 7 item 1 of the Act, the project documentation shall cover:

- 1) description of the project and the technology applied;
- 2) description of methods and sources of financing;
- 3) description of the baseline and of the baseline setting methodology;

² <http://ji.unfccc.int/Ref/Forms.html>

- 4) expected emission reductions or avoidance of greenhouse gases or removals by sinks of carbon dioxide (CO₂) and a description of the methodology used to calculate these reductions, avoidances or removals;
- 5) assessment on whether the achieved emission reductions or avoidance of greenhouse gases or removals by sinks of carbon dioxide (CO₂) are additional to ones in the absence of the project;
- 6) project monitoring plan.

Detailed scope of information, relating to the abovementioned points will be determined by the decree of the Minister of the Environment, issued according to article 41 paragraph 2 of the Act. This decree will also include guidelines, which will broaden the covered issues and provide detailed information necessary to fully characterize the project.

Until the decree is adopted, it is assumed that the form and scope of the information needed to be included within the documentation, in case of choosing Track I, should be in compliance with international (Track II) guidelines referring to the Project Design Document.

In accordance with the provision laid down in article 41 paragraph 3 of the Act, the Minister of the Environment can (it is facultative) determine, in a way of a decree, criteria for baseline setting, including emission factors or sectoral baselines and their monitoring methodologies.

1.4 Letter of Approval (LoA) phase

Before the project is finally approved i.e. before the issuance of the Letter of Approval, the application needs to be assessed. One of the main parts of the application is the previously described ([section 1.3](#)) project documentation (PDD).

Similarly to the LoE phase ([section 1.2](#)) the project proponent submits the application in hard and electronic copies, in Polish and in English, to the Minister of the Environment. The procedure related to the application is the same as the one for the application for the issuance of the Letter of Endorsement.

According to article 40 paragraph 6 of the Act, the application for the issuance of the Letter of Approval should include:

- 1) full name and address or name, location and address of the residence of the project proponent;
- 2) location of the project;
- 3) indication of the ERUs buyer;
- 4) information on the chosen Track.

According to article 40 paragraph 7 of the Act, the following appendixes, described below, should be attached to the application.

- Project documentation described in [section 1.3](#).
- Determination report.

This report, in case of project realization within Track II, should be prepared by an Accredited Independent Entity (AIE), based on international guidelines ([Joint implementation determination and verification manual](#)³). The official form of the report can be found on the [UNFCCC website](#).

In case when the project is realized within Track I, the report can be prepared either by AIE or by an entitled entity, referred to in article 36 of the Act. Enabling entitled entities to prepare the determination report within Track I was aimed at smoothening the procedure and what comes along decreasing the costs for project proponents. The list of entitled entities will be maintained by KOBiZE, which is preconditioned by the adoption of the decree in accordance with article 26 paragraph 4 of the Act.

- Environmental Impact Assessment (EIA) report in cases when the project relates to an undertaking, which might always have a significant effect on the environment or an information card, when the project relates to an undertaking, which might potentially have a significant effect on the environment.

Detailed information on the abovementioned types of undertakings are placed in the [Act on access on information on the environment and its protection, public participation in environmental protection and on environmental impact assessments](#)⁴, further referred to as the EIA Act. Types of undertakings are listed in the [decree](#)⁵ to the EIA Act (Decree on determination of types of undertakings which may have significant effect on the environment and detailed preconditioning related to qualifying an undertaking for the need of EIA report).

- Letter of Approval issued by a competent authority of the eligible buyer's country or a document confirming the will to purchase emission reduction units.

According to article 39 paragraph 2 of the Act, a Letter of Approval can be issued, when the project holds a valid Letter of Endorsement and meets all of the following conditions:

- 1) emission reductions or avoidance of greenhouse gases or removal by sinks of carbon dioxide (CO₂), achieved due to the realization of the project, shall be additional to those that would otherwise occur in the absence of the project;
- 2) realization of the project shall not cause deterioration of the environmental quality;
- 3) realization of the project shall provide for limitation of any adverse effects it may have on the environment;
- 4) the project shall provide for the use of solutions corresponding to criteria of best available techniques (BAT);
- 5) the project meets the conditions set in regulations adopted in accordance with article 39 paragraph 3 of the Act;
- 6) the project meets the conditions set in regulations adopted in accordance with article 39 paragraph 4 of the Act – in case of hydro energy plants of installed capacity above 20 MW.

³ <http://ji.unfccc.int/Ref/Documents/DVM.pdf>

⁴ <http://isap.sejm.gov.pl/Download?id=WDU20081991227&type=3>

⁵ <http://isap.sejm.gov.pl/Download?id=WDU20042572573&type=2>

KOBiZE assesses the application in scope of compliance with the abovementioned conditions.

For the sake of this guidebook, below are presented the crucial elements related to each condition which need to be taken into account by the project proponent when preparing the project documentation and other appendixes attached to the application.

Emission reductions or avoidance of greenhouse gases or removal by sinks of carbon dioxide (CO₂), achieved due to the realization of the project, shall be additional to those that would otherwise occur in the absence of the project

According to the [JI Guidelines](#) emission reductions or removal by sinks, achieved due to the realization of the project, shall be additional to those that would otherwise occur in the absence of the project (para 33 section b of the [JI Guidelines](#)).

The key issue, in scope of the project additionality, is the baseline setting. The emission reductions are additional, if they are below the set baseline.

Another elements used to demonstrate additionality, which are checked by KOBiZE when assessing the project documentation for projects realized within Track I in Poland, are listed below.

- Economic analysis. In case the project does not generate any financial or economic benefits other than JI related income, a simple cost analysis is used, where it is sufficient to demonstrate that the project needs investment capital. In case the project generates other income (for example: income from selling the generated electricity), it is necessary to identify the Internal Rate of Return (IRR) for the project.
- Barrier analysis, where the project proponent should determine barriers preventing the realization of the project and prove, in what way are these barriers eliminated thanks to the use of JI mechanism. The project proponent must demonstrate that the use of the JI mechanism is the only way to eliminate certain barrier.

It is worth mentioning, that the above named methods of demonstrating project additionality are based on the international regulations ([Tool for the demonstration and assessment of additionality](#)⁶), very often used in case of choosing JI Track II for project realization.

Realization of the project shall not cause deterioration of the environmental quality

In case of this condition it is vital to check the information included within the EIA report or the information card, if those documents were prepared. It is important that those documents encompass all elements required by the [EIA Act](#). Information from the project documentation and from the determination report, relating to projects impact on the environment, are also important, especially if neither the EIA report nor the information card were required for the project.

Realization of the project shall provide for limitation of any adverse effects it may have on the environment

Very much like for the previous condition, the most important are the information included within the abovementioned documents, related to the limitation of adverse environmental effects of the project.

⁶ <http://cdm.unfccc.int/methodologies/PAmethodologies/tools/am-tool-01-v5.2.pdf>

The project shall provide for the use of solutions corresponding to criteria of best available techniques (BAT)

Information on technical solutions and if applicable, their relation to BAT standards are checked in the analyzed documents. IPPC permits are also taken into account if such a permit was issued for the project as well as BAT reference documents (BREF) related to technical solutions implemented by the project. In case when no permits were issued and there is no BREF available, KOBiZE checks how the project complies with conditions laid down in articles 143 and 207 of the [Act on environmental protection](#) of 22 April 2001 (Polish Journal of Laws no. 62, item 627).

The project meets the conditions set in regulations adopted in accordance with article 39 paragraph 3 of the Act

The proposed project must be one of the project types listed by the decree determining types of undertakings, which may be realized as JI projects in Poland. The decree will be issued by the Minister of the Environment, in accordance with article 39 paragraph 3 of the Act. Therefore, in order to check the compliance with this condition, it is necessary for the decree to enter into force.

The project meets the conditions set in regulations adopted in accordance with article 39 paragraph 4 of the Act – in case of hydro energy plants of installed capacity above 20 MW.

In case of hydro energy plants of installed capacity above 20 MW, the project should meet all the conditions determined by the decree, which may be issued by the Minister of the Environment, in accordance with article 39 paragraph 4 of the Act. Like in the previous case, in order to check the compliance with this condition, it is necessary for the decree to enter into force.

Upon assessing all of the abovementioned conditions, the National Centre (KOBiZE) issues its opinion, which is later on transferred to the Minister of the Environment. The Minister of the Environment, taking into account the information included within the opinion, issues the Letter of Approval or in the case the project does not meet all the necessary conditions, refuses to issue the letter. The refusal also has a form of an administrative decision and is delivered to the project proponent.

The entity realizing the project is obliged to apply for the change of the Letter of Approval if there have been changes made, referred to in article 44 of the Act, such as change of the name of the entity, change of the project location, changes in monitoring, changes in the technology applied or Track change. The application should consist of the same elements as in the case of the Letter of Approval (article 40 paras 6-8 of the Act). Analogical procedure applies to the assessment of the application. KOBiZE issues the opinion on the change of the Letter of Approval, in form of a provision, within 45 days from the date of receiving the application (article 38 para 3 of the Act).

It is also worth mentioning, that when the project proponent chooses Track II for the project realization, he must submit the determination report to the JISC through the AIE, that prepared the report. The JISC assesses the report. The project proponent is also obliged to inform the Minister of the Environment about the result of this assessment. In case the assessment is negative, the Minister of the Environment states the expiration of the Letter of Approval (article 43 of the Act).

1.5 Project implementation and monitoring

The investment implementation, depending on specific projects, might be conducted in parallel to the formal approval procedure, presented in [section 1.4](#) of this guidebook. An important date is the date the project starts its operation. That is the start of the period when it can generate emission reductions. The emission reduction units (ERUs) can be generated, in accordance with the Kyoto Protocol, until the end of 2012.

Project monitoring is a crucial preconditioning to apply for the transfer of emission reduction units (article 45 of the Act). Monitoring should be conducted in accordance with the monitoring plan, determined in the project documentation. Based on the data from the project monitoring, a statement from the monitoring should be prepared. The statement must not cover a period longer than one year (article 45 para 4 of the Act). The statement should clearly show the achieved emission reductions and the corresponding amount of ERUs generated (article 45 para 3 of the Act). The form and layout of the statement will be determined by the decree of the Minister of the Environment (article 47 para 1 of the Act).

1.6 Verification of the generated emission reductions

Data from the monitoring of a JI project including the achieved emission reductions and the amount of ERUs generated are verified by accredited external entities. Depending on the chosen Track, the verification is conducted by the Accredited Independent Entity (AIE) – in case of both Tracks or the entitled entity – only in case of Track I JI projects (article 45 para 5 of the Act). The requirements for entitled entities will be determined by the decree of the Minister of the Environment and the Minister of the Economy (article 36 para 4 of the Act).

The form and layout of the verification report for JI Track I Project will be determined by the decree of the Minister of the Environment (article 47 para 2 of the Act).

For the projects realized within Track II, the AIE applies approved forms for the verification report, which are available on the [UNFCCC website](#)⁷. The report prepared by the AIE is upon completion transferred to the JISC for assessment. Negative assessment of the report disables the project holder from applying for the transfer of emission reduction units.

The verification report, according to article 45 paragraph 7 of the Act, should determine the amount of emission reduction units generated due to the realization of the project. The verification report should cover the exact period of time as the statement from monitoring, which according to article 45 paragraph 4 of the Act cannot exceed one year. Within 6 months from the end of the period covered by the report, it should be sent to the National Centre (article 45 para 8 of the Act). The report is also one of the appendixes that need to be attached to the application for the transfer of ERUs (see [section 1.7](#)).

⁷ <http://ji.unfccc.int/Ref/Forms.html>

1.7 Transfer of emission reduction units

Rules for transferring the ERUs are laid down in article 50 of the Act. According to this provision the project holder applies for the transfer to the Minister of the Environment. The application should be submitted in hard and electronic copies within 6 months from the end of the period covered by the monitoring statement.

In accordance with article 50 paragraph 4 of the Act, the application should include the following:

- 1) indication of the ERUs buyer;
- 2) the period covered by the report, for which the ERUs will be transferred;
- 3) the amount of emission reduction units;
- 4) indication of the buyer's account.

The following should be attached to the application (article 50 paragraph 5):

- 1) a contract regarding the sale of ERUs or another document determining way of managing and handling of these units;
- 2) buyer's authorization to participate in JI projects issued by a competent authority of an eligible country, unless the buyer is the eligible country;
- 3) verification report – basis to determine the verified amount of ERUs.

The acceptance to transfer emission reduction units has a form of an administrative decision and is issued by the Minister of the Environment within 21 days from the date the application is delivered. It takes 14 days for the decision to enter into force, unless there is an application for its annulment. After it enters into force it is transferred to KOBiZE, which within 21 days from the date of receipt, conducts the transfer of units in the National Registry to the indicated account of the buyer.

1.8 Access to information on projects

Upon receiving the Letter of Approval the project is considered a JI project. The Minister of the Environment notifies the project (before the issuance of the Letter of Approval) to the European Commission (article 38 para 5 of the Act) and to the UNFCCC Secretariat (upon issuing the Letter of Approval – article 49 para 2 of the Act). The list of JI projects notified to Secretariat is available on the [UNFCCC website](http://ji.unfccc.int/)⁸. Information on issued Letters of Endorsement and Letters of Approval as well as the project documentations are placed in the Public Information Bulletin (BIP) by the Minister of the Environment, as required by article 49 paragraph 12 of the Act. The projects with issued Letters of Endorsement and Letters of Approval are also registered by KOBiZE on the lists of JI projects in accordance with article 48 paragraph 1 of the Act.

If the project is realized within Track II, then the information regarding that project is additionally made publically available by the Accredited Independent Entity involved in the project. In accordance with article 49 paragraph 3 of the Act the AIE publishes the determination and verification reports on its website.

⁸ http://ji.unfccc.int/JI_Parties/DB/VFOZECRZ7Y0OS7SXYL6OO7BMUSJYYE/viewDFP

[JI Guidelines](#)⁹ set additional requirements for AIEs, which are linked to making information regarding JI Track II projects publically available. The Project Design Document (PDD) should be publically available for the period of 30 days on the UNFCCC website, to enable interested parties to submit their comments. This also applies to the determination report.

The project holder is obliged to present the monitoring statement to the AIE (in accordance with the monitoring plan). The AIE makes the statement publically available on its website. Upon successful verification the verification report is made available through the [UNFCCC website](#)¹⁰.

⁹ <http://unfccc.int/resource/docs/2005/cmp1/eng/08a02.pdf#page=2>

¹⁰ http://ji.unfccc.int/JI_Parties/DB/VFOZECRZ7Y0OS7SXYL6OO7BMUSJYYE/viewDFP