Greening Performance Report

CONCERNING THE AGREEMENT OF 20 APRIL 2010, ENTERED INTO WITH A PRIVATE JAPANESE ENTITY

For the year 2010, as of 31 December 2010

National Fund for Environmental Protection and Water Management
National Operator of the Green Investment Scheme
Climate Protection Department
Green Investment Scheme Unit
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1. Executive summary

1.1. Background
The agreement with a private Japanese entity was entered into on 20 April 2010. The commercial value of the agreement amounts to EUR 13,050,000.00. On 20 April 2010 the Climate Account, owned by the National Fund for Environmental Protection and Water Management acting as the National Operator of the Green Investment Scheme, was credited with the amount equivalent to the commercial value of the agreement, which after currency conversion amounted to PLN 53,126,550.00.

1.2. Summary of Purchase Agreement commitments
Under the Purchase Agreement commitments, the National Fund for Environmental Protection and Water Management (NFOŚiGW) will guarantee that the Proceeds will be disbursed for the purpose of the following Greening Programmes:

1.2.1. Energy management in public service buildings.
1.2.2. Heat engineering modernisation and development.

In accordance with the terms of the Purchase Agreement, the National Operator of the Green Investment Scheme defines the distribution of Proceeds into the above Greening Schemes. On 14 July 2010, the Management Board of the NFOŚiGW took the decision to allocate the Proceeds into the first of the above Schemes in their entirety.

Up to 5% of the proceeds (PLN 2,656,327.5) can be assigned to cover the costs of implementing the Green Investment Scheme, including:

a) Technical assistance for eligible Beneficiaries in preparation and development of Greening Activities;
b) Marketing and promotion of Greening Programmes;
c) Management and administration of the Greening Plan and Greening Activities by the Selling Party or the Operator of the Green Investment Scheme;
d) Monitoring, verification, reporting and audits, including external auditors and reviewers.

The description of activities eligible for co-financing was included in the Greening Plan, annexed to the Purchase Agreement as Annex 1.

The Agreement specifies the following deadlines for performance of commitments:

− publishing the announcement on the call for proposals – by 30 August 2010;
− entering into co-financing agreements in the form of grants - by 31 December 2011;
− deadline for performance of activities – by 31 March 2013,
− deadline for activities’ monitoring – by 31 December 2015.

1.3. Calls for proposals
Announcement on the call for proposals under the Greening Programme "Energy management in public service buildings" was published on 30 June 2010 on the website of the NFOŚiGW and in the “Dziennik Gazeta Prawna” daily. The call was announced with an allocation of PLN 104 million in the form of a grant as part of the GIS funds coming from transactions with the Japanese partner. On 30
July 2010, the call allocation was increased and reached an amount of PLN 181 million, from the proceeds obtained from the agreements with Ireland and this agreement with the Japanese partner.

2. Performance of the call for proposals


The call for proposals commenced on 29 October 2010 and was to end on 29 November 2010. In addition, the Applicants could apply for additional co-financing in the form of loans from other NFOŚiGW resources. In order to do that, submission of a separate application to the NFOŚiGW was required. However, due to adverse weather conditions on the territory of the entire country on 29 November 2010 and related problems with the delivery of applications for co-financing, the Management Board of the NFOŚiGW, upon the consent of the Minister of the Environment, postponed the deadline for submitting applications from 29 November to 3 December 2010.

Under this call for proposals the NFOŚiGW received applications for co-financing of 32 projects. The requested co-financing in the form of grants amounts to PLN 130 168 788.94, and PLN 219 206 873.62 in the form of loans, with the total final cost of activities at PLN 473 725 753.39. The total reduction of CO2 emissions for these activities in the submitted co-financing applications is 8.6 million Mg CO2/year.

On 31 December 2010 the assessment of applications was still pending.

3. Description of the Greening Activities

The submitted applications for co-financing cover the following buildings: educational facilities (75 buildings), healthcare services (105 buildings), higher education schools (17 buildings), self-government facilities (9 buildings), cultural institutions (4 buildings), Volunteer Fire Fighter Brigade (2 buildings), church buildings (13 buildings) and other (9 buildings).

As the procedure of assessing the applications was not completed in the period covered by this Report, presentation of more detailed information in this part is not possible. Such information will be presented in further Greening Performance Reports.

4. Financial performance of the activities

Since in the period covered by this report the assessment procedure was not completed for any of the applications, and thus no agreements were entered into, more detailed information on the schedule of disbursement of grants to Beneficiaries will be presented in further Greening Performance Reports.

In the period covered by the Report, no other disbursements were made in relation with the performance of the agreement by the National Operator of the Green Investment Scheme.

5. Greening Effects

The rules and regulations of the call for proposals include estimates on the planned environmental effect at the level of 138 thousand Mg CO₂/year. The aggregate level of the environmental effect estimated in the applications for co-financing amounts to 8.6 million Mg CO₂/year.¹

Due to the pending assessment of applications, which may result in the changed subject matter scope of the activities included in the applications and verified level of the environmental effect, detailed information on the planned reduction of CO₂ emissions will be included in further Greening Performance Reports.

¹ Data before substantive assessment based on the information presented by the Applicants. These data may contain errors due to mistakes in calculations presented by the Applicants.
6. Environmental compliance

As regards the activities concerning modernisation of heating systems of existing buildings, the most important environmental requirement is protection of species of birds and bats. Therefore, the instructions concerning their protection were annexed to the Priority Programme.

As the procedure of assessing the applications was not completed in the period covered by this Report, presentation of more detailed information for individual applications in this part is not possible.

7. Main Activities of the National Operator

7.1. Implementation issues addressed by the NO

The Purchase Agreement includes many provisions imposing performance of particular actions by the Selling Party, which is, according to the Agreement, the Republic of Poland (represented by the Minister of the Environment). In cases where such actions are indicated as the tasks of the NFOŚiGW in the Act of 17 July 2009 on the system to manage the emissions of greenhouse gases and other substances, such actions are carried out directly by the NFOŚiGW.

At the same time, in the course of works related to implementation of the subject matter Purchase Agreement, a lack of consistency between the provisions was identified as regards the deadlines for submitting reports to the Purchasing Party (the deadlines were calculated on the basis of the number of days indicated in the clauses of the Greening Plan):

<table>
<thead>
<tr>
<th>Report</th>
<th>Deadline for submitting the report acc. to the Greening Plan (clause no.)</th>
<th>Deadline for submitting the report acc. to the Table 1 Section 5 of the Greening Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>submission to the auditor / reviewer</td>
<td>submission to the Purchasing Party</td>
</tr>
<tr>
<td>Annual Financial Report</td>
<td>15 April each year 15 (b) (ii)</td>
<td>30 June each year 15 (b) (xiv)</td>
</tr>
<tr>
<td>Final Financial Report</td>
<td>30 May each year 15 (b) (iii)</td>
<td>-</td>
</tr>
<tr>
<td>Annual Greening Performance Report</td>
<td>31 May each year 15 (a) (viii)</td>
<td>30 June each year 15 (b) (xiv)</td>
</tr>
<tr>
<td>Final Greening Performance Report</td>
<td>31.05.2016 15 (a) (vii)</td>
<td>-</td>
</tr>
</tbody>
</table>

The NFOŚiGW proposes to consider as binding the deadlines for submitting reports indicated in the Table 1 Section 5 of the Greening Plan, since they fully describe the schedule for preparation and submission of reports.

7.2. Other activities related to GIS management

In 2010 the NFOŚiGW conducted the following activities relating to implementation of the Green Investment Scheme:
1. Development of methodologies for monitoring, estimating and verifying emissions’ reduction, on the basis of appropriate methodologies of the mechanism of Joint Implementations (JI) and Clear Development Mechanism (CDM).

According to the requirement specified in clauses 15 (a) (ii) and (iii) of the Greening Plan, at the beginning of 2010 the NFOŚiGW conducted tender proceedings (under the open tender procedure) in order to select a consultant who would develop such methodologies. The contract was entered into with the contractor on 22 February 2010 and its performance was completed on 27 October 2010.

2. Dissemination of information on the Green Investment Scheme.


2.2. Presentation of information on the Green Investment Scheme during trade conferences and in the Sejm of the Republic of Poland, and in particular during:
   2.2.2. “Inwestycje w energię” (Investments in Energy Industry) Conference, Warsaw, 27-28 April 2010,
   2.2.3. 2nd Eco-energy Forum, 16-18.10 September 2010, Polkowice.

2.3. By 31 December 2010 more than 800 publications on the subject of Green Investment Scheme were published in the press and over 1,000 on the Internet, which promote calls for proposals under the National Green Investment Scheme.

Date and signature of the report’s author: .................................................................

Date and signature of the person accepting the report: .................................................................

Date and signature of the person approving the report: .................................................................