Greening Performance Report

CONCERNING THE AGREEMENT OF 3 MARCH 2010, ENTERED INTO WITH THE JAPANESE PRIVATE ENTITY

For 2011, as of 31 December 2011

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. Summary

1.1. Background
The Agreement with the Japanese private entity was entered into on 3 March 2010. The commercial value of the agreement amounts to EUR 27,840,000.00. On 10 March 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 109,828,800.00.

1.2. Summary of the obligations arising from Assigned Amount Unit Purchase Agreements
Under the Purchase Agreement commitments, the National Fund for Environmental Protection and Water Management (NFEPWM / the National Fund) will guarantee that the Proceeds will be disbursed for the purpose of the Greening Programme entitled "Energy management in public service buildings".

Up to 5% of the proceeds (PLN 5,491,440.00) 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 Projects by the Seller 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 AAU Purchase Agreement as Annex 1.

The Agreement specifies the following deadlines for performance of commitments:
- publishing the announcement on the call for proposals – by 30.06.2010;
- deadline for disbursing the proceeds – 31.12.2012;

Funds in the bank account were:
- as of 01.01.2011: PLN 112,276,615.29
- as of 31.12.2011: PLN 116,699,794.02
- Interest accrued in 2011: PLN 4,423,178.73.

1.3. Call for proposals
Announcement on the call for proposals under the Greening Programme "Energy management in public service buildings" was published on 30.06.2010 on the website of the NFEPWM and in the
“Dziennik Gazeta Prawna” daily. The allocation for the announced competition amounted to PLN 104 million in the form of a subsidy from GIS funds derived from a transactions with the Japanese partner. On 30.07.2010, the competition allocation was increased to the amount of PLN 181 million from the proceeds obtained from the agreement with Ireland and the second agreement with the Japanese private entity.

1.4. Financial performance of the activities

During the period covered by this Report, the financing has not been commenced for any project. Detailed information will be presented in further Greening Performance Reports.

1.5. Environmental effect

In the period covered by this Report, a Ranking List of projects pre-qualified for co-financing from the funds in the Climate Account was forwarded to the Minister of the Environment for approval in line with Article 29(5) of the Act of 17 July 2009 on the management system for emissions of greenhouse gases and other substances. The Ranking List includes 15 projects. As a result of implementing these projects it is planned to avoid CO2 emissions related to energy savings at the level of 17,142.52 Mg CO2/year.

2. Performance of the call for proposals

The call for proposals commenced on 29.10.2010 and was to end on 29.11.2010. Applicants could also apply for additional co-financing in the form of loans from other National Fund resources. In order to do that, submission of a separate application to the NFEPWM was required. However, due to difficult weather conditions on the territory of the entire country on 29.11.2010 and problems with the delivery of applications for co-financing related thereto, the Management Board of the National Fund, upon the consent of the Minister of the Environment, postponed the deadline for submitting applications from 29.11.2010 to 03.12.2010.

Under this call for proposals, the National Fund received applications for co-financing of 32 projects. The requested co-financing in the form of subsidies amounts to PLN 130,168,788.94, and to PLN 219,206,873.62 in the form of loans, with the total final cost of projects equalling PLN 473,725,753.39. The total environmental effect (reduction of CO2 emissions) estimated in the submitted applications is 8.6 million Mg CO2/year.

In the period covered by this Report the applications were evaluated as regards meeting the basic access criteria (formal evaluation). Following the verification, 3 applications were rejected from further procedures. The applications meeting the basic access criteria were forwarded to evaluation as regards fulfilment of other criteria (substantive evaluation). Following the evaluation, 6 applications obtained a negative assessment and were rejected from further procedures. Two Applicants withdrew from the competition during the evaluation of applications.

In order to complete the evaluation of all applications it was necessary for the Minister of the Environment to approve amendments to the Rules of the 2nd competition facilitating the meeting of the substantive criteria by the applications pertaining to the buildings covered by the protection of the building restorer. The final approval of the amendments to the Rules took place on 14 July 2011.

The Ranking List of projects pre-qualified for co-financing from the funds in the Climate Account selected in the second competition held under the priority programme concerned includes 21

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1 Data obtained before the substantive evaluation, coming from information presented by the applicants. The data may be subject to errors arising from irregularities in the calculations presented by the applicants.
projects for the total amount of co-financing in the form of subsidy - PLN 78,228,306.31, and for the
total amount of co-financing in the form of loan - PLN 135,333,788.62

Individual negotiations of the co-financing conditions were held with the entities, whose projects
were included on the Ranking List of projects pre-qualified for co-financing from the funds in the
Climate Account.

In the period covered by this Report negotiations for 15 projects were competed, the Management
Board of the National Fund made individual (conditional) decisions on awarding co-financing
provided that the Minister of the Environment accepts the projects. In line with Article 29(5) of the
Act of 17 July 2009 on the management system for emissions of greenhouse gases and other
substances on 19 December 2011 the Ranking List of 15 projects pre-qualified for co-financing from
the funds in the Climate Account was forwarded to the Minister of the Environment for approval.
The list was approved in 2012.

According to the provisions of the Act on the management system for emissions of greenhouse
gases and other substances, the project co-financing agreements can be concluded with
beneficiaries after approval of the list of projects by the Minister of the Environment. Because the
list was accepted in 2012 the process of signing agreements was commenced in January 2012, i.e.
after the deadline indicated in the AAU Purchase Agreement.

By the end of the period covered in this Report negotiations of the co-financing conditions were
conducted for the remaining projects positively assessed in the process of applications’ evaluation.

In September 2011 negotiations with the Buyer started as regards the use of the non-allocated
funds derived from the AAU Purchasing Agreement. The Seller suggested for the funds to be
allocated to the thermal modernisation projects selected under the 3rd call for proposals under the
Greening Program "Energy management in public service buildings", which entails the following
modifications in the AAU Purchase Agreement:

- extension of the implementation period for projects until 30.06.2013;
- enabling the transfer of funds to the beneficiaries in the form of advance payments;
- reduction of the minimum total cost of a project to PLN 2 million.

Negotiations with the Buyer in the above-mentioned scope were completed in 2012.

3. Description of the Greening Activities

The applications for co-financing submitted 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).

The applications for co-financing, which were placed on the Ranking List transferred to the Minister
of the Environment in December 2011 include: educational facilities (32 buildings), healthcare
services (85 buildings), higher education schools (7 buildings), self-government facilities (19
buildings), cultural institutions (1 building), and other (2 buildings).

It is impossible to present more detailed information in the field because the Minister of the
Environment did not issue his approval for the list of projects pre-qualified for co-financing in the
period covered by this Report. Such information will be presented in further Greening Performance
Reports.

4. Financial performance of the activities

The negotiations with all entities, whose projects were included on the Ranking List approved by
the Management Board of the National Fund (21 projects) were not completed in the period
covered in this Report and the Minister of the Environment did not give his approval to 15 projects for which the negotiations were completed, i.e. there were no agreements signed, which means that detailed information on the schedule of payments of subsidies for the Beneficiaries will be presented in the subsequent Greening Performance Reports.

During the period covered by this Report there were also no other payments related to the implementation of the agreements by the National Operator of the Green Investment Scheme.

5. **Greening Effects**

   The rules of the call for proposals include estimates on the planned environmental effect at the level of 85 thousand Mg CO₂/year. The total value of the environmental effect for the projects from the Ranking List submitted to the Minister of the Environment for approval, amounts to 17,142.52 Mg CO₂/year.

6. **Environmental compliance**

   As regards the activities concerning thermal modernisation of the 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.

   All beneficiaries were obliged to abide by the instructions during the implementation of projects.

7. **Main Activities of the National Operator**

7.1. **Implementation issues addressed by the Operator**

   a) The main threat to the disbursement of funds under this agreement is the reduction in the value of co-financing upon settlement of the tenders for selection of contractors or settlement of works in amounts lower than envisaged at the time of signing the project co-financing agreement. The National Fund will monitor the status of the use of funds and possibly allocate released funds for projects to be selected in the subsequent calls for proposals for co-financing of projects on thermal modernisation.

   b) It is necessary to determine the interpretation of the Assigned Amount Units Purchase Agreement as regards the possibility of reducing the value of the total cost below the threshold indicated in the Greening Plan as a result of conducting tender procedure under the laws of the Republic of Poland below the cost projected in the application for co-financing and the signed co-financing agreement.

7.2. **Other activities related to GIS management**

   a) There were two sessions of the Monitoring Committee: on 4 May and 15 December.

   b) Dissemination of information on the Green Investment Scheme:

      Presentation of information on the third edition of the competition under Priority Programme Green Investment System (GIS):

      - Press conference and workshops in journalism – within the strategy of the National Fund on Green Investment Scheme, Warsaw, on 27.01.2011,

      - Promotional conference of the Priority Programme "Energy management in public buildings" under the Green Investment System - Warsaw, 27.01.2011,
• Meeting of the Association of Podlaskie Gminas, Drohiczyn, 01.03.2011,
• Conference of the Association of Polish Cities, Warsaw, 3-4.03.2011,
• Conference of the Metropolitan Association of Upper Silesia and the Association of Municipalities Polish Network “Energie Citéς” (PNEC), Kraków 04.03.2011,
• Meeting of the Convention of Łódzkie Voivodeship Poviats, Łódź, 09.03.2011,
• Meeting of the Convent of Marshals of the Republic of Poland, Gdańsk, 11.03.2011,
• Meeting with representatives of VFEPWM, Warsaw, 11.03.2011,
• Campaign promoting GIS Priority Programme "Energy efficiency in public buildings". The meeting was attended by representatives of local government units and health care institutions of Wielkopolska, entrepreneurs, representatives of VFEPWM, Poznań, 14.03.2011,
• Meeting with local governments in Podlaskie Voivodeship, Hajnówka, 18.03.2011,
• General Assembly of the Association of Śląskie Voivodeship Western Subregion - campaign to promote third edition of the competition under Priority Program Green Investment Scheme (GIS) Part 1) "Energy management in public buildings", Racibórz, 18.03.2011,
• Seminar on Green Investment Scheme (presentation of NFEPWM priority programmes) in the Mazovian Energy Agency during the Third International Clean Energy Trade Show CENERG, Warsaw, 24.03.2011,
• Presentation of the third edition of the competition under the GIS - Part 1) Energy management in public buildings, during the training for the beneficiaries of the OP I&E and LROP concerning the Ordinance of the Council of Ministers of 9 November 2010 on projects that may significantly affect the environment. Meeting organized by VFEPWM, Zielona Góra, 27.04.2011,
• Conference in Dolnośląskie Voivodeship Office in Wroclaw dedicated to promoting the third competition under GIS programme "Energy management in public buildings", Wroclaw, 08.07.2011.

Date and signature of the persons who drew up the Report:

Date and signature of the persons who accepted the Report:

Date and signature of the persons who accepted the Report:
Date and signature of the persons who approved the Report:

PREZES ZAKŁADU

Jan Rączka