Annex I

ACTIVITIES IMPLEMENTED JOINTLY
REVISED UNIFORM REPORTING FORMAT (URF 01)

A. Governmental acceptance, approval or endorsement

- Date of this report: 15/03/2006

- This report is a *(please underline)*:
  - First report
  - Interim report (Seventh report. First report was submitted 1997)
  - Final report

- Please indicate here which sections were modified since the last report

(e.g. B.2, E.2.4, F.2): Report is newly completed on the Revised Uniform Reporting Format.

B. Summary of AIJ project

B.1 Title of project

Valga I, Fuel conversion at Valga Central Heating Plant

B.2 Participants

Please describe briefly the role(s) of the main participating organization(s) and provide detailed contact information in annex 1:

- The donor country is Sweden, represented by a governmental institution – Swedish Energy Agency (STEM).
- The host country local organisation, which owned or operated the facility, where investment was made was DH company Valga Soojus Ltd. From the autumn of 1999 the controlling shareholder of the heating company is Eraküte Ltd (Eraküte Ltd Valga department) subsidiary to the French Dalkia Co.
- The host country primary institution responsible for the Framework Convention on Climate Change and all other climate related issues is The Ministry of Environment.
- The technical assistance during project implementation and follow-up activities were provided by STEM consultants (ÅF-International).
- Projects performance data collection and reporting activities are carried out by Regional Energy Centres in Estonia.

B.3 Activity summary

B.3.1 General description

Valga town is the administrative and economic centre of Valga County, located in South Estonia. The number of inhabitants of Valga town is approx. 16000. There were several boiler plants and district heating networks. Most of the heat is produced in the Central boiler plant in the centre of the town. In this boiler plant there were 3 oil-fired DKVR 10-13 steam boilers, which have been converted to hot water

production in 1993. With oil firing the maximum output capacity is about 8 MW per unit. One of the boilers has been converted to wood chip firing.

B.3.2 Type of activity

Sector	Activity
Energy	Fuel-switching (from heavy oil to bio fuels)

B.3.3 Location (e.g. city, region, state):

Valga town, Valga County, Estonia

B.3.4 Stage of activity *(Please underline the appropriate option)*:

- Pre-feasibility study completed
- Feasibility study completed
- In start-up or construction phase
  (e.g. ensuring financing, construction of site, purchase of land, installation of new equipment)

B.3.4 Stage of activity (continued)

- In operation
  (e.g. new windmill plant is connected, converted boiler reconnected, etc. and real, measurable and long-term GHG emission reductions or removals by sinks are generated)

B.3.5 Lifetime of AIJ project activity:

- Approval date: 10/08/1993 (Letter of Intent)
  (*Date at which the AIJ project activity was mutually approved by designated national authorities of **all** Parties involved.)*
- Starting date: December 1993 (In operation from)
  (Date at which real, measurable and long-term GHG reductions or removals by sinks will begin or began to be generated.)
- Ending date (expected): 31/12/2003 (loan expire date)
  (Date at which AIJ project activity is expected to no longer generate GHG reductions or removals by sinks.)
- Ending date (actual): In operation
  (Date at which AIJ project no longer generated GHG reductions or removals by sinks or was terminated.)
- Ending of the operational life of the project if different from the ending date of the AIJ project activity: Expected technical lifetime is 15 years which means that the converted boiler is expected to be in operation till 2009.

- Reasons for the choice of lifetime dates *(Describe briefly (up to half a page))*:

The lifetime criteria have been arranged in different groups depending on type of implemented activities. This classification assumes a level of operation and maintenance, which is normal in western countries.

Heat production plants (bio fuel)

25 years	New installation of all main equipment parts (fuel handling system, firing equipment and boiler) and modernisation of secondary equipment.
15 years	Conversion of existing boiler but new installation fuel handling system and firing equipment. Modernisation of secondary equipment.
10 years	Limited installation of new equipment (only one part of the three main parts, normally the firing equipment). Modernisation of other equipment.

Heat distribution systems and sub-stations

25 years	Pre-fabricated pipes and installations using certified contractors and supervisor according to EN norms and applicable district heating practise
15 years	Pre-fabricated pipes and installations without using certified contractors and supervisor
10 years	Modernisation of existing pipes.

Energy efficiency in buildings

25 years	Additional insulation roofs walls etc. with Scandinavian technology. New installed heating systems.
15 years	Renovation and balancing of heating systems including thermostat valves.
10 years	Weather stripping windows, doors etc.

* if a combination of measures is done a reasonable lifetime for the project have to be calculated.

B.4 Determination of the baseline

B.4.1 Date of completing the baseline determination: 1997 (first report)

B.4.2 Carried out by (name): STEM/ÅF-International
(Please provide detailed contact information in annex 1)

B.4.3 Type of baseline methodology applied and described in detail in section E.1
(Please underline the appropriate option(s))

- Project-specific by**:**
  - I. Simulating a likely situation that would have existed without the project
  - II. Taking an actual reference case project
  - III. Other (*Please specify (insert lines as needed))***:**

- Multi-project by using *(please specify briefly)***:**

B.4.4 Describe the scope of the project boundary *(Please summarize briefly the related information provided in section E. 2):*

The project activity is heat production in the Valga Central boiler house and this includes emissions from in-site combustion of fossil fuels and bio fuels. The project and baseline heat production activity is assumed to be equal. This means that the emission reduction from the project is based on the difference in fossil fuels consumption before and after the implementation of the project activity.

B.4.5 Describe the degree of aggregation of the multi-project baseline *(Please summarize briefly the related information provided in section E. 1):*

C. General compatibility with and supportiveness of national economic development and socio-economic and environment priorities and strategies

Describe briefly, to the extent that information is available (up to one page) and refer to documents, decisions and laws, as appropriate:

The project meets the following objectives in the Act on Sustainable Development, Estonian National Environmental Strategy, Estonian National Environmental Action Plan, the Long-term Development Plan for the Estonian Fuel and Energy Sector, District Heating Act, Electricity Market Act and Energy Saving Programme:
- efficient and sustainable use of energy resources;
- to provide the sufficient and stable fuel and energy supply in conformity with the required quality and with optimal prices for the consistent regional development;
- to provide the political and economical independence of the state by the fuel and energy supply as a strategic branch of economy;
- to increase the share of renewable energy sources in the primary energy supply from present (2000) 10.5% up to 13% - 15% to the year 2010;
- by 2010 indicative target to produce 5.1% of gross consumption of electricity from renewables (including bio fuels);
- to reduce the environmental damage arising from fuel and energy production, transport, conversion and distribution;
- to create the reliable energy conservation system stimulating the implementation of energy conservation measures by consumers;
- creation and usage of energy efficient technologies, fuel/energy consuming and diagnostic equipment;
- stimulation of environmental awareness and environmentally friendly consumption patterns;
- to attract foreign investments for projects which ensure better use natural resources as well as environmental improvement;
- to develop co-operation between Baltic, Nordic and Central European countries

D. Environmental, economic and social and cultural impacts

D.1 Environmental impact (positive and/or negative)

The environmental impact for the project activity is mainly positive. Reduction on mazout consumption will considerably reduce the local pollution of SO_2 and NOx and the emission of CO_2 as shown below:

- Annual emission reduction:

Projected:	Actual 2005
8617 tons CO_2	10657 tons CO_2
139 tons SO_2	171.8 tons SO_2
11,3 tons NOx	13.9 tons NOx

- Emission measurements have been carried out on 1994 by Swedish specialists

D.2 Economic impact (positive and/or negative)

- Decreased fuel costs per energy production approx. 8 EUR/MWh.
- Decreased import fuel costs approx. 247000 EUR per year.
- The economic impact issues are also including in the following reports:
    - SEI case study
    - Involved into "Surrey -project" in 1997
    - Valga Town Energy Plan, 1999

D.3 Social and cultural impact (positive and/or negative)

- More stable energy supply, specially DHW supply in the summertime
- Improved working conditions, increased motivation
- More employment (new fuel and service companies)
- Improved trade balance
- More stable heat price for consumers
- The social and cultural impact issues are also including in the following reports:
    - SEI case study
    - Involved into "Surrey -project" in 1997
    - Valga Town Energy Plan, 1999

E. Calculation of real, measurable and long-term environmental benefits related to the mitigation of climatic change, that would not have occurred otherwise

E.1 Assumptions and characteristics of the baseline

E.1.1 Assumptions of the baseline
(Describe (up to 1 page)):

The project based status quo baseline had been assumed to be static for the project. The key parameters for the used baseline are:

- Baseline fuel – heavy fuel oil (mazout);
- Baseline efficiency of the fossil fuel boilers;
- Total heat production of the boiler plant before boiler conversion.

It has been assumed that these parameters used for baseline will not change during whole period. The numerical data are presented in section E.1.4.

E.1.2 Describe the baseline
(Please describe the baseline as well as leakage effects (up to 1 page)):

The project baseline is status quo baseline (total boiler plant heat production and emissions in the period before the conversion to renewable fuel). The most important factor in calculation baseline emission is the annual efficiency of fossil fuel boilers. Baseline efficiency of the fossil fuel boilers has been derived from available heat production data, boiler house energy balance, technical specifications or expert judgement.

There was not assumed any indirect effects outside project boundary and leakages in the baseline emission calculation.

The project baseline boundary includes direct in-site (boiler plant) emissions, i.e. emissions from in-site combustion of fossil fuels. Emissions related e.g. to the transport of fuels to the project site are not included.

E.1.3 Reasons for selecting a baseline and its methodology
(Describe (up to 1 page)):

The project specific baseline as status quo case has been initially selected to start reporting on AIJ with the future plans to re-evaluate chosen baseline at pre-determined intervals in order to account for developments in the heating sector and indirect effects.

E.1.4 Calculation of values reported in 'Baseline scenario' in table E.5.1 column (A):

CO_2 emissions values are calculated according to the Regulations No. 94 of 16 July 2004 of the Ministry of Environment "The method of determination of the volume of emissions of carbon dioxide". Estonian Regulation is based on the IPCC Guidelines (1996). Carbon Emission Factors (CEF) are used to calculate CO2 emitted during fuel combustion. There is presented a table in the Regulation to calculate CO_2 emission (M_{CO2}). Instead of the table calculation it is possible to present a formula for this calculation as follows:

$(M_{CO2})_b = (Q_{fb} \times K_c \times 3,6 \times 44 \times q_c)/\eta_b \times 12 \times 1000)$ tons/year,

were,

Q_{fb}– boiler(s) heat production, MWh/year,
K_c - fraction of carbon oxidised,
q_c - carbon emission factor, tC/TJ,
η_b - annual efficiency of boiler(s), i.e. baseline efficiency of fossil fuel boilers.

Documentation box *(Please provide numerical data referred to in this section):*

The following data are used for calculation of the baseline scenario CO_2 emission reductions:

Total heat production of the boiler plant before boiler conversion – 53000 MWh/y
Baseline efficiency of the fossil fuel boilers – 80%
Carbon emission factor for heavy fuel oil – 21,1 tC/TJ
Fraction of carbon oxidised – 0,99

E.2 Assumptions and characteristics of the project scenario

E.3.1 Assumptions for the AIJ project activity and its boundary

The project activity is heat production in the Valga Central boiler house and this includes emissions from on-site combustion of fossil fuels and bio fuels. These emissions are under control of the boiler house staff. The project and baseline heat production activity is assumed to be equal.

E.3.2 Describe the project scenario
(Please describe the project scenario as well as effects occurring outside the project boundary (up to 1 page)):

The project scenario activity is heat production on bio fuels using converted boiler with 5 MW heat output as base load boiler. The annual heat production of the wood fuel boiler was projected to be 25000 MWh. The peak load will be covered with existing fossil fuels (mazout) boilers. The climate conditions and minor heat load changes do not influence significantly wood fuel boiler heat production. Indirect effects are not taken in to account in the emissions calculations. No direct leakage of any significance has been identified.

E.3.3 Please explain why the AIJ project activity would not have taken place anyway *(Describe (up to 1 page))*:

As a party to the Climate Convention, Estonia has started to facilitate the transformation toward an ecologically sustainable energy system as subject to the conditions of the Convention. Several factors have been restrained implementation AIJ projects:

- Lack of investment capital for renewable energy sources and energy efficiency projects, allowing financing at reasonable costs as long-term loans at reasonable interest rates;
- Lack of sufficient institutional responsibility for implementation AIJ projects;
- A weak local tradition using wood waste from industry and from forest as a fuel in the boiler plants and applying an up to date technology for energy saving. The local technology for the wood fuels firing has largely been missing;
- Lack of wood fuels firing know-how.

During the implementation of the EAES Programme in Estonia these barriers have been over-come by transfer reliable wood fuels firing technology and know-how.

E.3.4 Calculation of values reported in 'Project scenario' in table E.5.1, column (B)

According to the section E.1.4 the following is used to calculate CO_2 emission:

$M_{CO2} = (Q_{fp} \times K_c \times 3{,}6 \times 44 \times q_c)/\eta_b \times 12 \times 1000)$ tons/year,

were,

Q_{fp}– boiler(s) heat production, MWh/year,
K_c - fraction of carbon oxidised,
q_c - carbon emission factor, tC/TJ,
η_b - annual efficiency of boiler(s), i.e. baseline efficiency of fossil fuel boilers.

Boiler(s) heat production Q_{fp} is calculated as:

$Q_{fp} = Q_{fb} - Q_w$ (53000 – 25000 = 28000 MWh).

Documentation box *(Please provide numerical data referred to in this section):*

The following data are used for calculation of the baseline scenario CO_2 emission reductions:

Projected heat production on wood fuel boiler (Q_w) – 25000 MWh/y
Baseline efficiency of the fossil fuel boilers – 80%
Carbon emission factor for heavy fuel oil – 21,1 tC/TJ
Fraction of carbon oxidised – 0,99

E.3 Revision of the baseline for the project

E.3.1 Baseline revisions are planned (please underline)**:** Yes/ No
If yes, please complete the remainder of section E.3.

E.3.2 Revisions are planned at regular intervals (please underline): Yes/ No

- If yes, please specify date of first planned revision and the length of the intervals:

- If no, please explain revision schedule *(up to half a page)*:

The new data are planned to introduce in the baseline scenario, using international rules and guidelines for how such revision should be made. The time schedule is not yet specified.

E.3.3 Information on revisions

- If a baseline (and/or the project scenario) revision is covered by this report, describe briefly the nature of this revision, including parameters changed in the revision as well as the calculation of the new set of values in the column 'Baseline scenario' in a revision of table E.5.1, column (A): *(up to one page)*

- Date of last baseline revision: *(DD/MM/YYYY)*

- Date of next baseline revision: *(DD/MM/YYYY)*

Documentation box *(Please provide numerical data referred to in this section):*

E.4 Scope and performance of the actual project

Provide actual project data (E.5.2. Column B) and the calculations of the actual real, measurable and long-term emission reductions and/or removals as measured against the relevant (original/revised) baseline scenario values

Documentation box *(Please provide numerical data referred to in this section):*

The following data are used for calculation of the actual CO_2 emission reductions:

Actual heat production on bio fuels, MWh/y											
Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Heat production	2938	22204	17208	15681	23631	27649	28781	30535	31250	31777	33315

Actual heat production on bio fuels, MWh/y		
Year	2004	2005
Heat production	33341	30919

Other data used for calculations are presented in sections E.1 and E.2

E.5 Tables on real, measurable and long-term GHG emission reductions or removals by sinks (in CO_2 equivalent)

E.5.1 Projected real, measurable and long-term GHG emission reductions or removals by sinks

Projected real, measurable and long-term GHG emission reductions or removals by sinks over the lifetime of the AIJ activity
(Please underline and fill, as appropriate: **This is the initial table** or this is revision __ of this table)
(in metric tons of CO_2 equivalent[a])

Insert rows as needed

Year	**Baseline scenario[b]** *(A)*				**Project scenario[b]** *(B)*				**Projected real, measurable and long-term GHG emission reductions (-) or removals by sinks (+)** *((B)-(A))*			
	CO_2	CH_4[a]	N_2O[a]	Other[a]	CO_2	CH_4[a]	N_2O[a]	Other[a]	CO_2	CH_4	N_2O	Other
1993	18267				17302				-965			
1994	18267				9651				-8617			
1995	18267				9651				-8617			
1996	18267				9651				-8617			
1997	18267				9651				-8617			
1998	18267				9651				-8617			
1999	18267				9651				-8617			
2000	18267				9651				-8617			
2001	18267				9651				-8617			
2002	18267				9651				-8617			
2003	18267				9651				-8617			
2004	18267				9651				-8617			

2005	18267				9651				-8617			
2006	18267				9651				-8617			
2007	18267				9651				-8617			
2008	18267				9651				-8617			
TOTAL	**292279**				**162063**				**-130216**			

[a] *Please convert values into global warming potentials, according to the IPCC (1995) conversion factors.*
[b] *Including effects occurring outside the project boundary (leakage) as described in sections E.1.4, and E.2.4, as applicable*

E.5.2 Actual real, measurable and long-term GHG emission reductions or removals by sinks

Actual real, measurable and long-term GHG emission reductions or removals by sinks of the AIJ activity
(in metric tons of CO_2 equivalent[a])

Please insert values assessed ex post i.e. after measurement. Insert rows as needed

Year	**Baseline scenario[b c]** *(A)*				**Actual project[b c]** *(B)*				**Actual real, measurable and long-term GHG emission reductions (-) or removals by sinks (+)** *((B)-(A))*				**Values indicated are assessed independently (Yes/No)**
	CO_2	CH_4[a]	N_2O[a]	Other[a]	CO_2	CH_4[a]	N_2O[a]	Other[a]	CO_2	CH_4	N_2O	Other	
1993	18267				**17255**				**-1013**				Yes
1994	18267				**10614**				**-7653**				Yes
1995	18267				**12336**				**-5931**				Yes
1996	18267				**12863**				**-5405**				Yes
1997	18267				**10123**				**-8145**				Yes
1998	18267				**8738**				**-9530**				Yes

1999	18267				**8348**				**-9920**				Yes
2000	18267				**7743**				**-10524**				
2001	18267				**7497**				**-10771**				
2002	18267				**7315**				**-10953**				
2003	18267				**6785**				**-11483**				
2004	18267				**6776**				**-11492**				
2005	18267				**7611**				**-10657**				
2006	18267												
2007	18267												
2008	18267												
TOTAL	292279				**124002**				**-113475**				

[a] *Please convert values into global warming potentials, according to the IPCC (1995) conversion factors.*
[b] *Including effects occurring outside the project boundary (leakage) as described in sections E.1.4, E.2.4 , E.3.4 and E.4, as applicable.*
[c] *Values that differ from those in table E.5.1 should be marked in* ***bold****.*

E.6 Mutually agreed assessment procedures

If the AIJ activity provides for mutually agreed assessment procedures, please fill subsections E.6.1 or E.6.2, as applicable.

E.6.1 Assessment procedures that use all or one of the following steps:

E.6.1.1 Initial independent assessment of the project activity:

- Has the project design been subject to such an assessment? *(Please underline)*: Yes/**No**
- If yes, what organization(s) is/are involved: (Please indicate the type of organization(s) (consultancy, accredited certification body, government body, university, etc.) and provide their detailed contact information in annex 1 to this report).

Only a set of principles for the selection and verification of projects was worked out by the experts of the implementing agency STEM in Sweden. The host country governmental representatives have had a rather modest role in launching the projects.

E.6.1.2 Monitoring

- Does the project have a monitoring plan? *(Please underline)*: **Yes** / No
- Summarize briefly the key elements of the monitoring plan *(i.e. which parameters are being monitored, with what frequency, providing sampling intensities if appropriate, methods and equipment; associated uncertainties, etc.) (not more than 1 page):*

STEM has continued its assistance in monitoring and reporting the projects in the host countries. Experts from STEM, as well as the Swedish consultancy company ÅF-International provided guidance in methodology. For the regular follow-up activities a special format has been developed to collect performance data from each plant for each heating season. The monitoring activities have continued by local experts for preparing Swedish AIJ reports.
The following monthly data are collected and monitored:

- ✓ Heat production on bio fuels;
- ✓ Heat production on fossil fuels;
- ✓ Total heat production of the boiler house;
- ✓ Bio fuels consumption;
- ✓ Fossil fuels consumption.

- Is the monitoring conducted by project proponents? *(Please underline)*: **Yes** / No
- If no, which organization(s) is/are involved: (*Kindly indicate the type of organization(s) (consultancy, accredited certification body, government body, university, etc.) and provide their detailed contact information in annex 1 to this report).*

E.6.1.3 Independent assessment of the project performance

- Is the activity subject to such an assessment? *(Please underline)*: **Yes** / No
- If no, is such an assessment intended? *(Please underline)*: Yes / No
- If yes, what organization(s) is/are involved: (*Please indicate the type of organization(s) (consultancy, accredited certification body, government body, university, etc.), and provide their detailed contact information in annex 1 to this report. Indicate the frequency of the assessments, how many assessments have taken*

place to date, and whether the assessment report(s) is/are publicly available if requested).

Projects are followed and evaluated from technical and economic points of view by local experts (Evaluation Report Estonia: Boiler Conversion Projects in Estonia, 1995). In 1994 and 1996 special measurements (emissions) programs and performance tests were carried out of boiler conversion projects. These tests were carried out by Swedish specialists (ÅF-International) with assistance of local staff in the boiler houses. In addition some projects have been studied and reported on by international experts and by students at technical universities in Sweden, Germany, Estonia.

- Summarize briefly the key elements of the assessment activities: *(Please describe issues such as criteria used; the project design; project implementation; key project parameters being verified; the frequency of assessment/surveillance; sampling approach applied by the assessing organization) (up to one page)*:

E.6.1.4 Provision of written statement by an independent entity regarding the performance of the project activity

(Please note that such a statement is not a formal requirement under the AIJ pilot phase (see also the note at the beginning of section E.6). If the project has made provision for such a statement, please indicate the name of the independent body and attach a copy of the written statement(s)).

E.6.2 Other form of mutually agreed assessment procedure *(please specify)*:

Ministry of the Environment of Estonia is a central Estonian authority responsible on reporting of JI projects. This authority assigns a local institution, which is involved in to the evaluation of the climate effects of this project and takes the main responsibility to continue measuring, results collecting for JI-reporting.

E. 7 Cost (to the extent possible)

E.7.1 The cost information is *(Please underline)*:

- Provided below
- Not provided because the data are *(Please underline)*:
  - Not yet available
  - Classified as confidential

E.7.2 AIJ project activity costs

Country		Valga I	1993 0	1994 1	1995 2	1996 3	1997 4	1998 5	1999 6	2000 7	2001 8	2005 12
A. Sweden	Investment	1. Loan/debt to STEM	380000	394900	429600	375900	322200	268500	241655	161122	107379	repaid
		2. Added costs	0	14900	34700	0	0	0	0	0	0	in 2003
	AIJ/JI costs	3.Technical assistance	95000	0	0	0	0	0	0	0	0	
		4. Follow up	0	6700	7000	8200	8500	2200	2267	2139	1265	2852
		5. Reporting costs	0	0	0	0	850	0	744	301	282	810
		6. Administration	32000	0	0	0	0	0	0	0	0	
		7. Difference in interest	4%	15796	17184	15036	12888	10740	9666	6445	4295	
		8.Accum. costs for AIJ/JI	127000	149496	173680	196916	219154	232094	244771	253657	259499	263161

		9.Total costs	507000	544396	603280	572816	541354	500594	486427	414778	366878	
2. Estonia	Investment	1. Investment/Instalment	0	0	0	53700	53700	53700	26845	80534	53743	
	AIJ/JI costs	2. Reporting costs	0	0	0	0	0	0	0	0	0	
		3. Other costs	0	0	0	0	0	0	0	0	0	
		4. Accum. costs for AIJ/JI	0	0	0	0	0	0	0	0	0	
		5. Total costs	0	0	0	53700	107400	161100	187945	268478	322221	
1 USD=	10	SEK										

F. Financial additionality

*Bearing in mind that the financing of AIJ shall be **additional** to financial obligations of Parties included in Annex II to the Convention within the framework of the financial mechanism, as well as to current official development assistance (ODA) flows (decision 5/CP.1):*

Please list sources and the purpose:

Source and purpose of the AIJ project activity funding *Including pre-feasibility phase* *(One line for each source)*	**Amount** *in thousand US$* (in Swedish crone, SEK)
Loan from NUTEK*	506.7 (SEK 3 800 000)
Grant from NUTEK* for technical assistance	126.7 (SEK 950 000)

1 USD = 7,5 SEK

* From 1 January, 1998, the new Swedish National Energy Administration was established – from 1 January 2002 the name in English has been changed to the Swedish Energy Agency - has taken over the responsibility for the Programme for an Environmentally Adapted Energy System in the Baltic region and Eastern Europe (EAES Programme) from NUTEK (Swedish National Board for Industrial and Technical Development.

G. Contribution to capacity building, transfer of environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention. In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties

G.1 Identification of environmentally sound technology and know-how

- Name of manufacturer: KMW Energi i Norrtälje AB (main contractor of the combustion equipment)

- Place of manufacture *(country)*: Sweden

- Model names and numbers of equipment *(where appropriate)*:

The main parts of the delivery have been:

- Fuel storage above the ground complete with hydraulic discharge scrapers;
- Fuel conveyor from storage to furnace;

- Prefurnace with gas channel and air system;
- Flue gas cleaning of multyicyclone type;
- Flue gas fan, air fans;
- Ash and slag removable system;
- Control and supervision system;
- Stairs walkways and railings for operation and maintenance;
- Wood chipper.

- Any other relevant key specific technology characteristics:

An existing mazut fired DKVR 10-13 boiler has been converted to bio fuels firing through installation a pre-furnace with fixed conical grates. Automatic fuel storage, wood chipper as well as flue gas cleaning are included in the project.

Boiler type:	DKVR 10-13 (hot water)
Boiler output:	5 MW
Pre-furnace:	Free standing with fixed conical grates
Flue gas cleaning:	Multicyclone <300 mg/Nm3
Fuel type:	Wood chips, sawdust, bark, 35-55% RH
Previous fuel:	Mazout (high-sulphur content heavy fuel oil)

- Where applicable, name and location of provider and nature of training:

In-site training of local staff on operation and maintenance of the installed equipment provided by main supplier according to the Contract

G.2 **Characteristics of environmentally sound technology**

The technology is *(underline the option)*:

- At a research and development stage
- Being tested or demonstrated in similar conditions outside the host country
- At the initial stage of introduction into the world market
- At the initial stage of introduction into the host market
- Commercially available and deployed in the world market
- Commercially available and deployed in the host market
- Not characterized by the above options. *Please describe:*

G.3 **Impact of the AIJ project on capacity-building and transfer of environmentally sound technology and know-how** *(up to two pages):*

Systematically, the capacity building and transfer of know-how have involved the following activities over time and have taken place through:

i) Technology transfer through STEM technical specialist and co-operation between foreign supplier and local partner during the implementation of the project:

- Technical support of STEM specialist to the local project leader and municipality;
- Knowledge in negotiations to foreign companies;
- Knowledge in managing and planning of projects;
- Transferring of environmental issues to the local parties;
- Transferring of knowledge in operation and maintenance issue;

- Operation and maintenance software was introduced to the plant-owners.

ii) Conferences, seminars, documentation and training:

- Personal from boiler plant has been invited to different seminars and workshops and several presentations about company experience have made, documentation for training has been handed over;
- There were arranged seminars through close cooperation between STEM and Estonian partners:
  - ✓ Environmentally Friendly Energy Systems in the Baltic Region and Eastern Europe - seminar in Tallinn, 14-15 Aprill, 1994;
  - ✓ Environmentally Friendly Energy Systems in the Baltic Region and Eastern Europe - seminar and workshops in Tartu, 25 November, 1994 (prepared information by topics in Estonian over than 150 pages);
  - ✓ EAES Programme District Heating Day in Vändra, 27 July, 1995;
  - ✓ Environmentally Adapted Local Energy Systems - seminar and presentation of translated into Estonian booklet "Environmentally Adapted Local Energy Planning" in Rakvere, 11 November, 1998 and in Tartu, 12 November, 1998.
  - ✓ Exploitation of boiler houses on bio fuels. Practical experiences – international seminar in Narva-Jõesuu, 3 –5 April, 2001 (in Russian language);
  - ✓ Arrangement of operation of boiler houses on bio fuels – seminar in Essu, 19 – 21 September, 2001 in Russian language).

iii) Stimulate "net-working" for the exchange of experience between plant owners with similar problems, e g "bio-clubs":

- Activities have been supported by STEM to establish Estonian Bio Fuels Association: meetings representatives of plant owners and consultants were arranged in Haabneeme, Valga, Võru, Tartu, Pärnu and Viljandi;
- The boiler plant has been visited by specialist from another boiler plants (incl. Russia, Baltic Countries). The local staff has an exchange of experience with the staff from another boiler plants and has been active in "bio-club";
- Estonian Bio Fuels Association is established in 1998 (mainly by "bio-club" and local experts).

H. Additional comments

Complete as appropriate:

1) Any practical experience gained:

- Good training and experience of the staff is necessary to operate bio fuel boiler at full capacity. The motivation of the staff to learn is very important to get good results.
- The company has in site logs chipping practice. During the last years the chipper has not been in operation.
- The operation of the prefurnace with fixed grates needs good trained and skilled staff.
- Is very important to control temperature in the prefurnace and the temperature gauge must be installed in the suitable place to avoid lining damages.
- Reliable wood chips supply was achieved with good cooperation with wood chips supplier.
- The economiser was reconstructed in 2001 to get more intensive heat transfer. The boiler efficiency was improved.
- The combustion air intake was removed to another location to get combustion air with higher temperature. The boiler efficiency was improved.

2) Technical difficulties:

- The installed prefurnace with conical fixed grates is good for burning pure woodchips (or adding a little sawdust and bark), but there have been problems with burning sawdust and bark..
- Ash handling has caused stops. Improvements have been done and a higher efficiency was achieved.
- The lining on the prefurnace has been repaired in 2004.

3) Effects encountered:

- Several local companies have participated in the project (design, ground and constructions works).
- Execution of the follow up and monitoring activities for evaluation of the results of the different measures and get feedback to the programme
- Consulting support from both Swedish and Estonian side, also after commissioning.
- After good results in boiler conversion project the heating company management have been motivated to continue boiler conversions in the same boiler house. The share of heat production on bio fuels is foreseen to increase by reconstruction of the boiler house.
- All separate DH networks in Valga town are connected into one network.

4) Impacts encountered:

- The experiences from EAES Programme projects have formed the basis for a new policy as respect to increasing renewable energy sources in the total energy balance of Estonia.
- Reduced dependence on imported fuels.

5) Other obstacles encountered:

- Lack of a strong national focal point to support and promote biomass energy use
- Lack of wood fuel in the local market due to increased wood fuel (sawmills wastes, white chips, bark) export from 2001. The sawdust is mainly used now as raw material in pellet factories. The sawmills wastes have been the main wood fuel during latest years and the share of use of forest residues has not been high. But there is tendency to use more forest residues.
- There have been problems with wood fuel quality. The wood fuel price has increased.

6) Other:

- From 1998 the wood-fuel is purchased according to the produced heat from converted boiler.
- No subsidies to renewables, taxation policy is not in support of bio fuel use. Energy and fuel taxation is planned (on 2004) to establish with zero taxes for bio fuel to stimulate the wider use of bio fuels in the municipal heat production.
- On year 1999 (7. year of prefurnace operation) there were made repairing works of the prefurnace lining.
- Calculations of the volume of emissions of sulphur dioxide and nitrogen oxide in the section D are calculated according to the Regulation No. 99 of 02 August 2004 of the Ministry of the Environment “The procedure and methods of determination of the volume of pollutants from combustion plants to the air”.
- On 2000 a research project was started with Det Norske Veritas with the aim to develop methods for simplifying the verification of JI-projects based on the experiences from the Swedish boiler conversion projects in the Baltic countries. The project has been finished in 2001.
- On 2002 by the Ministry of Environment there was prepared draft National Programme for Reduction of Greenhouse Gases 2003-2012, which has been adopted by the Government on 2004.

- The National Allocation Plan (NAP) to the European greenhouse gas emissions trading scheme has been developed on 2004 according to the Directive 2003/87/EC, establishing a scheme for greenhouse gas emission allowance trading in the Community. Eraküte Ltd Valga department has been included in the NAP.
- The share of heat production on bio fuels is foreseen to increase by reconstruction of the boiler house. New wood fuel boiler is planned to install on 2006.
- New environmental taxes law has been enforced from January 2006. According to this law CO_2 tax has been implemented also for use fossil fuels in medium size burning equipment.

Annex 1 to the revised uniform reporting format (URF 01)

PARTICIPANTS' CONTACT INFORMATION

Please provide contact information for each organization. Add rows as required (by copying and pasting)

Name	Address [a]	Voice/Fax/E-mail
Organization(s) [b]: Swedish Energy Agency(* **Function(s) within activity[c]:** Financing/Project development		
Officer responsible:	The System Analysis Department, Climate Change Division Kungsgatan 43 BOX 310 S-63104 Eskilstuna SWEDEN http://www.stem.se	**Tel: +46 16 544 20 81** **Fax: +46 16 544 22 64** **E-mail:** **bengt.bostrom@stem.se**
Contact person, if different from above: Gudrun Knutsson	Head of Section, Climate Investment Programme	**Tel: +46 16 544 20 72** **Fax:+46 16 544 22 54** **E-mail:** **Gudrun.Knutsson@stem.se**

(* From 1 January, 1998, the new Swedish National Energy Administration – from 1 January 2002 the name in English has been changed to the Swedish Energy Agency - has taken over the responsibility for the Programme for an Environmentally Adapted Energy System in the Baltic region and Eastern Europe (EAES Programme) from NUTEK (Swedish National Board for Industrial and Technical Development).

Name	Address [a]	Voice/Fax/E-mail
Organization(s) [b]: ÅF-International (Malmö) **Function(s) within activity[c]:** *Technical assistance*		
Officer responsible:	Stensjögatan 3 S-21765 Malmö SWEDEN http://www.af.se	**Tel:+46 40 37 50 00** **Fax:+46 40 13 03 69** **E-mail:**
Contact person, if different from above: Ulf Lindgren	Project leader	**Tel:+46 40 37 50 97** **Fax:+46 40 13 03 69** **E-mail: Ulf.lindgren@af.se**

Name	Address [a]	Voice/Fax/E-mail
Organization(s) [b]: Ministry of the Environment of the Republic of Estonia **Function(s) within activity[c]:** *Designated national authority/reporter*		
Officer responsible:	Department of Environment Management and Technology Narva mnt. 7A 15172 Tallinn ESTONIA http://www.envir.ee	**Tel: +372 62 62 802** **Fax:+372 62 62 801** **E-mail: min@envir.ee**
Contact person, if different from above: Karin Radiko	Specialist	**Tel: +372 62 62 977** **Fax:** **E-mail:** **karin.radiko@envir.ee**

Name	Address [a]	Voice/Fax/E-mail
Organization(s) [b]: DH company Eraküte Ltd Valga department **Function(s) within activity[c]:** *Project owner/borrower*		
Officer responsible:	Pärna pst. 15 68206 Valga ESTONIA http://www.valgasoojus.ee	**Tel:+372 76 688 11** **Fax:+372 76 616 08** **E-mail: valga@erakyte.ee**
Contact person, if different from above: Toomas Piller	Manager	**Tel:+372 76 688 15** **Fax:+372 76 616 08** **E-mail: toomas@erakyte.ee**

Name	Address [a]	Voice/Fax/E-mail
Organization(s) [b]: Regional Energy Centres in Estonia **Function(s) within activity[c]:** *Local reporter*		
Officer responsible:	Võru P.O., BOX 43 65602 Võru ESTONIA	**Tel:+372 78 282 30** **Fax:+372 78 282 30** **E-mail:**
Contact person, if different from above: Elmu Potter	Consultant	**Tel:+372 78 282 30** **Fax:+372 78 282 30** **E-mail: elmupotter@hot.ee**

[a] *Address should include: department; street; postal code; city; country and the Internet address of the organization (if available).*

[b] *Organization includes: institutions, ministries, government agency closely following the activity, companies, non-governmental organizations, etc. involved in the activity.*

[c] *Function within activity: please use the following categories:*

Function	*Description of function*
Project development	*Designing/developing the AIJ project and/or submitting the AIJ project proposal*
Project operator	*Implementing and administering the AIJ project activities*
Government regulation/oversight	*Ensuring compliance of the project with laws and regulations*
Technical assistance	*Providing scientific or other technical guidance or support for the purposes of project development and/or project administration, implementation, training and education activities*
Financing	*Serving as a source of funding for the AIJ project*
Initial independent assessment of project activity	*Assessing whether the project activity meets a given set of criteria*
Monitoring	*Monitoring the environmental and/or socio-economic results of the project in accordance with a monitoring protocol*
Independent assessment of project performance	*Assessing the performance (environmental and/or socio-economic) achieved by a project against pre-set criteria*
Providing independent written statement on performance	*Providing written assurance that a performance is achieved and/or a set of criteria is met by an activity*
Designated national authority	*Entity authorized to officially accept, approve or endorse the AIJ project*
Other (please specify)	