

## 12 INFORMATION ON ACCOUNTING OF KYOTO PROTOCOL UNITS

### 12.1 Background information

Annex I Parties are required to report their national registries' holdings and transactions of Kyoto units and inform about related issues as specified in Decision 15/CMP.1 Section E. The following chapters serve this purpose.

Ukraine, as a Party included in Annex B to the Kyoto Protocol, for the purposes of Article 7, paragraph 1, in conjunction with paragraph 4, and the mandatory requirements set out in the "Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol" (annex to decision 13/CMP.1) and the "Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol" (annex to decision 15/CMP.1), by the Cabinet of Ministers of Ukraine Decree dated 28 May 2008 No. 504 has established and maintains the National Electronic Registry of Anthropogenic Emissions and Absorption of Greenhouse Gases of Ukraine.

The Decree mentioned above defines the National Electronic Registry of Anthropogenic Emissions and Absorption of Greenhouse Gases of Ukraine as an automatic system for accounting and processing of information regarding anthropogenic emissions and absorption of greenhouse gases which consists of hardware and software system and an informational resource that includes a public website of the Registry in the Internet and an electronic database containing data from individual or corporate bodies generating emissions or absorption of greenhouse gases.

From the date of its establishment the Registry was formed and filled by the State Environmental Investments Agency of Ukraine (SEIA) which was designated as its Administrator according to the Cabinet of Ministers of Ukraine Decree dated 28 May 2008 No. 504 for accurate issuance, holding, transfer, acquisition, cancellation and retirement of Assigned amount units (AAUs), Certified emission reductions (CERs), Emission reduction units (ERUs) and Removal units (RMUs), as well as carry-over of ERUs, CERs and AAUs.

Adding to the Registry of information related to issuance, sale (transfer), and withdrawal of AAUs shall be performed on the basis of Resolutions of the Cabinet of Ministers of Ukraine.

The establishment and maintenance of the Registry was performed in accordance with all mandatory requirements set out in the "Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol" (annex to decision 13/CMP.1).

The Registry ensured Ukraine's compliance with the eligibility requirements set out in decisions 3/CMP.1, 9/CMP.1 and 11/CMP.1.

All transactions for the purposes of Article 6 and 17 of the Kyoto Protocol were carried out through the Registry.

Administration of the Registry foresees: data input regarding reserving of Carbon Units for projects aimed at mitigation of anthropogenic emissions or increasing of absorption of greenhouse gases according to Article 6 of the [Kyoto Protocol](#); issuance, holding, transfer, acquisition, cancellation and retirement of Carbon Units; data communication with other national registries through the central communication hub of the International Transaction Log (ITL) for checkout and approval of transactions for issuance, holding, transfer, acquisition, cancellation and retirement of Carbon Units; Change of data regarding issuance, transfer, acquisition, cancellation and retirement of AAUs can be performed on the basis of Cabinet of Ministers of Ukraine Resolution.

Information contained in the Registry is property of the state. Part of the information, the content of which was determined by the SEIA and Ministry of Ecology and Natural Resources of Ukraine (MENR), was made public through the media and can be obtained through

the official website of the Registry: <http://www.carbonunitsregistry.gov.ua>. This website also publishes reports on holdings and transactions in the Registry.

Ukrainian Registry was functioned properly over the years and was assessed to determine whether the appropriate requirements are met and results are forwarded in the form of (Standard) Independent Assessment Reports (S)IARs to the Expert Review Teams working under Article 8 of the Kyoto Protocol. The documents pertaining to the 2007-2014 (S)IAR reporting and assessment process are available in the table at UNFCCC website: [http://unfccc.int/kyoto\\_protocol/registry\\_systems/independent\\_assessment\\_reports/items/4061.php](http://unfccc.int/kyoto_protocol/registry_systems/independent_assessment_reports/items/4061.php).

In the view of optimization of the central executive bodies system in Ukraine the Cabinet of Ministers of Ukraine by its Decree dated 10 September 2014 No. 442 “On optimization of the central executive bodies system” decided to liquidate a number of central executive bodies, including the SEIA (previously designated as the Registry Administrator), which was to be liquidated with further transfer of its key functions and property to the Ministry of Ecology and Natural Resources of Ukraine.

Pursuant to the Cabinet of Ministers of Ukraine Decree dated 10 September 2014 No. 442 “On optimization of the central executive bodies system” by the Cabinet of Ministers of Ukraine Decree dated 21 January 2015 No. 32 “On Approval of Provisions of the Ministry of Ecology and Natural Resources of Ukraine”, the MENR was endowed with functions of the key entity in the central executive bodies system responsible for development and ensuring realization of the state policy on regulation of negative anthropogenic impact on climate change and adaptation to its changes and within its competence fulfillment of requirements of the UNFCCC and its Kyoto

For the purposes of execution of its new functions by the Order of the MENR dated 12 May 2015 No.147 “On Amendments to the Order of the Ministry dated 26 January 2015 No.10” the organizational structure of the MENR has been amended, namely the Department of Climate Policy has been created. In addition, in the view of new functions respective amendments to the Cabinet of Ministers of Ukraine Decree dated 28 May 2008 No. 504 were required in order to designate the MENR to act as the Registry Administrator. The amendments were adopted and the MENR was authorized to act as the Registry Administrator on 12 August 2015 by the Cabinet of Ministers Decree No. 616 “On amendments to a number of Decrees of the Cabinet of Ministers of Ukraine, repealing paragraph 1 of the Decree of the Cabinet of Ministers of Ukraine dated 16 July 2012 No. 672”.

Since the MENR received respective functions in January 2015, the Department was created in May 2015 and the MENR was authorized as the Registry Administrator in August 2015, according to national legislation the MENR could not provide any proposals for the Registry maintenance to the budget in 2014 for the year 2015. At the same time, the SEIA could not foresee in the budgetary program finances to cover expenses for the Registry maintenance for the 2015 budget year as it was undergoing liquidation in 2014. It has resulted in a situation when the state budget for 2015 did not foresee financing of the Registry maintenance.

In addition, within the named period the Registry software and hardware were under ownership of the SEIA. After being authorized as the Registry Administrator the MENR initiated respective procedure to obtain the property rights which would enable the MENR to conclude a contract on the Registry Technical Administrator services. Due to the complexity of the state legislation on transfer of the state property rights, the MENR received the property rights for the Registry software and hardware on 2 July 2016 by the Acts of Transfer of Property Rights No.1-No.30.

With respect to mentioned above, there was a situation when the SEIA no longer and the MENR not yet had the authority to conclude a contract on the Registry Technical Administrator services for the 2015 fiscal year. Without such contract with the MENR the Registry Technical Administrator could not deliver respective services. As a result, on 3 August 2016 the Registry Technical Administrator disconnected the Registry from the ITL informing the

MENR, who was not yet the Registry Administrator at that time, in advance by its official letter dated 16 July 2015 No. 507/4-15.

Disconnection of the Registry from the ITL has put a risk for Ukraine of not being able to retire, issue and carry-over any ERUs, CERs, tCERs, ICERs, AAUs and RMUs for the entire first commitment period of the Kyoto Protocol in order to formally demonstrate its compliance with its commitment under Article 3, paragraph 1, of the Kyoto Protocol in accordance with the relevant procedures set out in decision 13/CMP.1.

In this regard, Ukraine submitted an inquiry to the UNFCCC Secretariat for assistance in performing such transactions by the ITL on behalf of Ukraine in order to ensure timely fulfilment of the commitments of the Kyoto Protocol (letter dated 12 November 2015 No. 5/1-10/13932-15), in particular:

- issuance of 2,875,443 RMUs for the activity Afforestation/Reforestation (this is the sum of the values for the non-harvested and harvested land);
- cancellation of 375,025 RMUs for the activity Deforestation;
- issuance of 20,350,000 RMUs for the activity Forest Management;
- retirement of 1,976,583,832 AAUs and 22,850,418 RMUs.

In its response the UNFCCC Secretariat informed that it was not in a position to perform the requested transactions on behalf of Ukraine and that Secretariat's mandate in its capacity of the ITL administrator was limited and did not provide for undertaking transactions on behalf of a Party.

With respect to unresolved issue with continued disconnection of the Registry and inability of the ITL to perform transactions on behalf of Ukraine, the transactions listed above were not performed in due time. And given that on 20 January 2016 the Cabinet of Ministers of Ukraine has adopted a Resolution No. 20-p Resolution "On Retirement of Assigned Amount Units" authorizing the MENR to perform transaction on retirement of AAUs in the amount of 1,999,434,250 tons of CO<sub>2</sub> equivalent in order to fulfill obligation under first commitment period under the Kyoto Protocol (2008-2012), on 9 March 2016 Ukraine made its submission of the Report upon expiration of the additional period for fulfilling commitments by Ukraine (True-up Period Report), specifying that "the total quantity of Kyoto Protocol units should be transferred to Ukraine's retirement account at the end of the true-up period, in accordance with paragraph 49(b) of the annex to decision 13/CMP.1".

On 11 April 2016, the Compliance Committee received from the UNFCCC Secretariat the report of the Expert Review Team (ERT) of the individual review of the True-up Period Report for the first commitment period of the Kyoto Protocol of Ukraine contained in the document FCCC/KP/CMP/2016/TPR/UKR, in which questions of implementation with respect to Ukraine were indicated.

On 18 April 2016, the bureau of the Compliance Committee allocated the questions of implementation to the Enforcement Branch and on 19 April 2016, the Secretariat notified the members and alternate members of the branch of the questions of implementation and of their allocation to the branch.

On 3 May 2016, the Enforcement Branch decided to proceed with the questions of implementation (CC-2016-1-2/Ukraine/EB).

On May 30 2016, the Enforcement Branch agreed to invite three experts drawn from the UNFCCC roster of experts to provide advice (CC-2016-1-3/Ukraine/EB). Two of these experts were part of the ERT which conducted the true-up period review of Ukraine.

From 20 to 21 June 2016, the Enforcement Branch held its twenty-eighth meeting in Bonn to consider the questions of implementation with respect to Ukraine and on 21 June 2016 the Enforcement Branch adopted its preliminary finding of non-compliance with respect to Ukraine, as contained in the document CC-2016-1-4/Ukraine/EB.

On 22 June 2016, Ukraine received a notice that the Enforcement Branch had adopted its preliminary finding of non-compliance with respect to Ukraine and on 20 July 2017 in response to the decision CC-2016-1-4/Ukraine/EB of the Enforcement Branch Ukraine provided

its written submission in accordance with paragraph 1 (e) of section X and rule 17 of the rules of procedure, where the issues underlying the questions of implementation raised were demonstrated an on 31 August 2016, Ukraine provided a letter containing additional information on the Registry reconnection from August 3, 2016.

On 7 September 2016, the Enforcement Branch held its twenty-ninth meeting in Bonn where it adopted the final decision of non-compliance with respect to Ukraine (CC-2016-1-6/Ukraine/EB). The Enforcement Branch confirmed the preliminary finding with respect to non-compliance with Article 7, paragraph 1, in conjunction with paragraph 4, of the Kyoto Protocol and the guidelines adopted thereunder, as set out in paragraph 27 of the preliminary finding. The Enforcement Branch decided to apply the consequences outlined in paragraph 32, subparagraphs (a) and (b), of the preliminary finding (CC-2016-1-4/Ukraine/EB).

On 5 December 2016, pursuant to final decision Ukraine has submitted to the Enforcement Branch a plan referred to in paragraph 1 of section XV, in accordance with the substantive requirements of paragraph 2 of section XV and paragraph 1 of rule 25 bis of the rules of procedure of the Compliance Committee of the Kyoto Protocol, in which Ukraine provided an overview of the analysis of the causes of non-compliance, the measures Ukraine intends to implement or has implemented in order to remedy the non-compliance and a timetable for implementing such measures.

On 21 December 2016, the Enforcement Branch adopted its decision on the review and assessment of the plan submitted by Ukraine in which it assessed that the plan, if implemented, is expected to remedy non-compliance.

As indicated in the plan mentioned above, Ukraine shall perform all necessary transactions, listed above, and resubmit its True-up Period Report which would enable Ukraine to comply with Article 7, paragraph 1, in conjunction with paragraph 4, requirements set out in decisions 13/CMP.1 and 15/CMP.1, and to formally demonstrate its compliance with its commitment under Article 3, paragraph 1, of the Kyoto Protocol in accordance with the relevant procedures set out in decision 13/CMP.1.

Ukraine presented its First Progress Report to the Enforcement Branch of the Compliance Committee on 30 March 2017 submitted in accordance with paragraph 8 of Decision of the review and assessment of the Plan submitted under paragraph 2 of the section XV adopted by the Enforcement Branch concerning Ukraine and in accordance with paragraph 3 of section XV of the rules of procedure of the Compliance Committee of the Kyoto Protocol. This and other related documents are placed at the following web page:

[http://unfccc.int/kyoto\\_protocol/compliance/questions\\_of\\_implementation/items/9575.php](http://unfccc.int/kyoto_protocol/compliance/questions_of_implementation/items/9575.php).

On 13 April 2017 MENR initiated procurement procedure on Purchase of the Registry Technical Administrator Services according to state procurement legislation that should result an annual contract on the Registry Technical Administrator Services signature.

Then upon co-ordination of all technical preparatory actions with the ITL and completion of all required transactions, listed in paragraph 20 of the written submission of Ukraine (CC-2016-1-5/Ukraine/EB), re-submission of the Report upon expiration of the additional period for fulfilling commitments under the first commitment period (True-up period report), Ukraine will strive to meet the requirements with UNFCCC reporting guidelines on annual inventories for Parties included in Annex I to the Convention.

Technically since August 3, 2015, the connection with the ITL was discontinued, and no new data were introduced into the Registry.

On 23 August 2016 the connection with the ITL was restored and the Registry was put to the “reconciliation only” mode.

Information on circulation of Kyoto units (incl. AAUs and ERUs) in the National Registry, as well as information on supply of these units to other Parties of the Kyoto Protocol, was formed annually in the form of standard electronic format (SEF) tables. SEF tables for the period from 01.01.2014 to 31.12.2014 containing information required in accordance with paragraph 11 of the Annex to Decision 15/CMP.1 are submitted by Ukraine to the UNFCCC

Secretariat in the form of electronic files - **RREG1-UA\_2014.xlsx**-[SEF] Standard Electronic Format tables and **sef-export.xml**-SEF exported initial file.

## 12.2 Summary of information reported in the SEF tables

Information from the national registry on acquisition, holding, transfer, cancellation, retirement and carry-over of AAUs, RMUs, ERUs, CERs, tCERs and ICERs for 2016 has been reported as separate files ('RREG1-UA\_2016\_1\_1\_20161231', and 'RREG1-UA\_2016\_2\_1') in xls and xml format each by separate upload.

The SEF for CP2 2016 was generated on 6 September 2017 by the SEF application version 3.7.4, provided by the secretariat at 15.02.2017. The SEF for CP1 2016 was generated on 21 July 2017 by the SEF application version 3.7.4, provided by the secretariat at 15.02.2017.

Further details can be found in the electronic SEF files as mentioned above and published at the UNFCCC website:

[http://unfccc.int/national\\_reports/annex\\_i\\_ghg\\_inventories/national\\_inventories\\_submissions/items/10116.php](http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/10116.php)

## 12.3 Discrepancies and notifications

No discrepancies occurred in 2016. Therefore, no report R-2 is submitted.

No CDM notifications occurred in 2016. Therefore, no report R-3 is submitted.

No non-replacements occurred in 2016. Therefore, no report R-4 is submitted.

No invalid units exist at the 31 December 2016. Therefore, no report R-5 is submitted.

There were no actions necessary to correct any problem causing a discrepancy because there were no discrepancies in 2016.

## 12.4 Publicly accessible information

Section E of the annex to Decision 15/CMP.1 outlines provisions for making available nonconfidential information to the public via a user interface. Official website of the Registry: <http://www.carbonunitsregistry.gov.ua>. This website also publishes reports on holdings and transactions in the Registry.

## 12.5 Calculation of the commitment period reserve (CPR)

In Ukraine, AAUs introduced into circulation amount to **4,604,184,663** tonnes of carbon dioxide equivalent.

The estimated value of the reserve for Ukraine is determined as 100% of the amount of GHG emissions in its most recently reviewed NIR multiplied by eight. The last reviewed inventory report is the National Inventory of Anthropogenic Greenhouse Gases Emissions and Removals in Ukraine for the period of 1990-2013.

According to this Inventory Report, **the estimated value of the reserve** is as follows:

$385,933,202.8 \times 8 = \mathbf{3,087,465,622}$  tonnes of CO<sub>2</sub>e.

Thus, the estimated value of the reserve as of 31.12.2013 was **3,087,465,622** tonnes of carbon dioxide equivalent.

In accordance with the officially published SEIA report "On Holdings and Transactions in the National Electronic Registry of Anthropogenic Greenhouse Gas Emissions and Removals in Ukraine" as of 31.12.2012, the actual reserve for the commitment period, which consists of holdings of ERUs, CERs, AAUs and RMUs not canceled in accordance with decision 13/CMP.1, is **4,163,258,438 assigned amount units** of carbon dioxide equivalent tonnes. At the same time,

the estimated value of the reserve in Ukraine is less than the actual one, which corresponds to the requirements of the Parties to the reserve in accordance with the Annex to decision 11/CMP.1.

#### **12.6 KP-LULUCF accounting**

For the second KP commitment period, Ukraine intends to report at the end of the period. More details are offered in the CRF "Accounting" table for KP-LULUCF.

#### **12.7 PPSR-Accounts in the National Registry**

Consequently, for the moment and until the Doha Amendment enters into force, we are not in a position to open the PPSR account in our National Registry.

## 14 CHANGES IN THE NATIONAL REGISTRY

### 14.1 Information on changes according to Decision 15/CMP.1

The following table summarises the changes to the National Registry of Ukraine in 2016.

Reporting Item	Description
15/CMP.1 annex II.E paragraph 32.(a) Change of name or contact	The name and contact of the registry administrator as an institution has been changed. Since 12 August 2015 the MENR was authorized to act as the Registry Administrator on by the Cabinet of Ministers Decree No. 616 “On amendments to a number of Decrees of the Cabinet of Ministers of Ukraine, repealing paragraph 1 of the Decree of the Cabinet of Ministers of Ukraine dated 16 July 2012 No. 672” and starting from 2 July 2016 the Registry was fully transferred from the SEIA to the MENR. A change of the name of the registry administrator and the alternate registry administrator occurred and reported to the UNFCCC in March 2017.
15/CMP.1 annex II.E paragraph 32.(b) Change regarding cooperation arrangement	No change of cooperation arrangement occurred during the reported period.
15/CMP.1 annex II.E paragraph 32.(c) Change to database structure or the capacity of national registry	No change was applied to the database structure. The database model, is provided in Annex A (separate upload). No change to the capacity of the national registry occurred during the reported period.
15/CMP.1 annex II.E paragraph 32.(d) Change regarding conformance to technical standards	No change in the registry's conformance to the technical standards occurred for the reported period.
15/CMP.1 annex II.E paragraph 32.(e) Change to discrepancies procedures	No change of discrepancies procedures occurred during the reported period.
15/CMP.1 annex II.E paragraph 32.(f) Change regarding security	No change regarding security occurred during the reported period.
15/CMP.1 annex II.E paragraph 32.(g) Change to list of publicly available information	No change to the list of publicly available information occurred during the reporting period.
15/CMP.1 annex II.E paragraph 32.(h) Change of Internet address	No change of the registry internet address occurred during the reporting period.
15/CMP.1 annex II.E paragraph 32.(i) Change regarding data integrity measures	No change of data integrity measures occurred during the reporting period.
15/CMP.1 annex II.E paragraph 32.(j) Change regarding test results	Since 3 August 2015 including beginning of the year 2016 the Registry was disconnected from ITL. Since 3 August 2016 it was reconnected to ITL in no operations mode. Since 23 August 2016 the Registry was switched to a “reconciliation only” mode. Full functionality of the Registry was restored on 23 June 2017.

### 14.2 Previous Annual Review recommendations

Ukraine was not subject to an individual inventory review in 2015. No preliminary main findings were formulated on registry related issues, so no recommendations are expected related to the registry.

FCCC/ARR/2014/UKR did not include any recommendations related to the registry.

If a problem has been identified earlier in section 2 and 3 or a previous recommendation listed in section 4.1 has not been taken into account, then this section of the report lists a recommendation for each problem to be brought to the attention to the Expert Review Team.

Ref Nr	Recommendation Ref	Recommendation description	Party's response to draft assessment	Final Action
P2.4.2.1	P.1.2.2 – P.1.2.13	The SIAR assessor recommends that the Party submits 2014 and 2015 CP2 SEF reports.	On 23 August 2016 the operational status of UA Registry was changed and reconciliation completed successfully also. After necessary actions, Ukraine will submit actual SEF reports.	2014 and 2015 CP2 SEF reports are submitted on 6 September 2017.
		The SIAR assessor recommends that the Party submits or references to 2015 RREG2-4 reports.	Ukraine will submit actual RREG2-4 reports.	
P2.4.2.2	P1.3.9	The SIAR assessor recommends that the party submit a disaster recovery plan in line with FCCC/SBI/2015/10.	After renewal of the UA Registry proper work Ukraine will prepare and submit a disaster recovery plan.	Ukraine actualized and submitted a disaster recovery plan after the reported period in August 2017.
P2.4.2.3	P1.3.11	The SIAR assessor recommends that the party clearly state if they have established a previous period surplus reserve (PPSR) account in its national registry.	On 23 August 2016 the operational status of UA Registry was changed and reconciliation completed successfully also. After renewal of the UA Registry proper work Ukraine will establish a previous period surplus reserve account in its national registry.	2014 and 2015 CP2 SEF reports are submitted on 6 September 2017. Full functionality by the CP2 accounts accordingly to the Annex H to DES will be restored in 2017.
P2.4.2.4	P1.4.1- P1.4.4	The SIAR assessor recommends that the publicly available information be up to date (i.e. updated as close to real time as possible, but at least updated on a monthly basis).	On 23 August 2016 the operational status of UA Registry was changed and reconciliation completed successfully also. After necessary actions, Ukraine will update the information at the website of the UA Registry carbonunitsregistry.gov.ua	The update on the Registry website was performed on 6 September 2017 successfully. Hereafter the information will be updated in real time. However since the Doha Amendment did not enter into force the significant information updates seem to be rarer than on a monthly basis.