

Market Mechanisms Country Fact Sheet: Mongolia

National Climate Change Policy in Mongolia

| | |
|-------------------------|---|
| Name | National Action Program on Climate Change (NAPCC) |
| Goal | <ul style="list-style-type: none"> ● To maintain ecological balances ● To develop social and economic resilient to climate change ● To reduce vulnerabilities and risks ● To mitigate GHG emissions through improvement of economic productivity and efficiency ● To support implementation of 'Green growth' policies |
| Year implemented | 2011-2016 (1 st phase), 2017-2021 (2 nd phase) |
| Name | National Renewable Energy Program 2005-2020 |
| Goal | <ul style="list-style-type: none"> ● To increase share of renewable energy in total energy generation to 20-25% by 2020 ● To reduce system loss by more than 10% (base line yr. 2005) by 2020 |
| Name | New Reconstruction Mid Term Development Program 2010-2016 |
| Goal | To decrease air pollution -30% by 2012, -50% by 2016 |
| Baseline year | 2010 |

Source: Ministry of Nature, Environment and Tourism, Mongolia (MNET)

Relevant Policy for Market Mechanisms

Renewable Energy Law (11 Jan. 2007)

- Regulates the operation and supply of energy from renewable energy sources.
- Sets out the tariffs for energy generated and delivered from renewable energy sources, which are valid for a period of min. 10 yrs from entry into force of the Law.

Law on Air Pollution Payment (24 June 2010)

- Defines items and unit to levy air pollution fee/tax, fee range, punishment for non compliance with the law etc.,

Law on Air

(revised and came into force on 24 June 2010)

- Defines responsibility and role of various institutions in protecting air quality and reducing air pollution.
- Authorises Ministry of Nature, Environment and Tourism (MNET) to establish Climate Change Coordination Office (CCCO) to formulate and implement climate change policies and programs and carry out activities to meet commitments under UNFCCC and Kyoto Protocol.

Source: MNET

Nationally Appropriate Mitigation Actions (NAMAs)

Status of NAMAs Submission

Publication Date

28 January 2010

Institutional Frameworks

(1) Organisation Charts

Source: MNET

National Committee on Climate Change (NCCC)

- Head: Minister for Nature, Environment and Tourism
- Accountable authority for climate change related issues
- In charge of:
 - approving countries' climate change policies and programme
 - evaluates projects
 - contributes guidance to these activities

Ministry of Nature, Environment and Tourism (MNET)

Climate Change Coordination Office (CCCO)

CDM National Bureau (CDM-NB)

Green Growth Committee

- Carry out day to day activities related to implementations of responsibilities and commitments under the UNFCCC and Kyoto Protocol as well as of the NCCC
- Formulate and implement climate change policies and program nationwide
- Coordinate sectoral actions and policies for climate change

(2) National Action Program on Climate Change (NAPCC)

Source: MNET

Strategic Objective

1. Create legal framework, institutional and administrative structure that support implementation of measures against climate change
2. Ensure ecological balances and reduce socio economic vulnerabilities and risks step by step through strengthening of national adaptation capacity to climate change
3. Mitigate GHG emissions step by step and create basis for transiting to low carbon economy through introduction of environmentally friendly technologies and improvement of productivity and efficiency
4. Enhance national climate observation network, research and assessment
5. Conduct public awareness and support citizens and communities to participate in actions against climate change

1st Phase (2011-2016)

- National mitigation and adaptation capacities will be strengthened.
- Legal framework, institutional and administrative structure will be set up.
- Community and public participation will be increased.

2nd Phase (2017-2021)

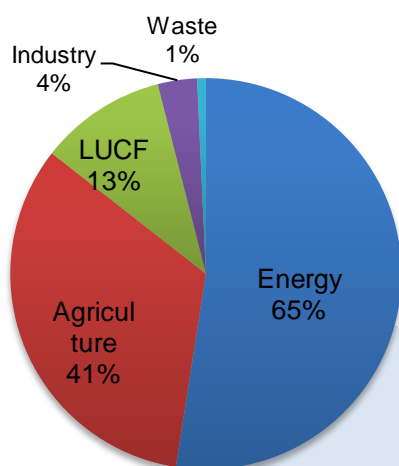
- Best available measures and activities for climate change adaptation will be implemented.
- Sustainable implementation of actions to decelerate growth of GHG emissions will begin.

Central Authorities Responsible

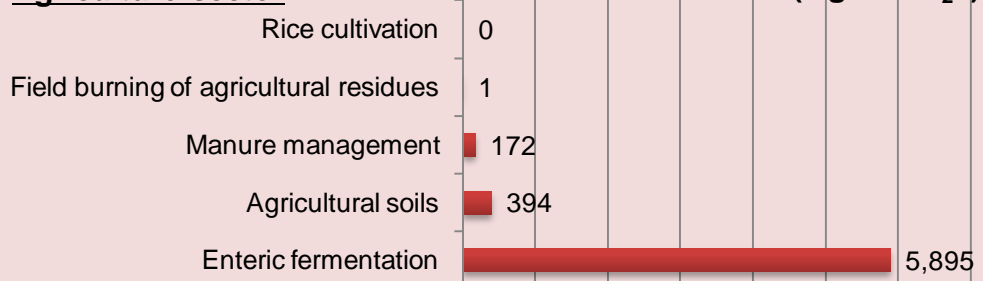
- Finance
- Economy
- Foreign affairs
- Food and agriculture
- Industry
- Energy and mineral resource
- Transportation, construction and urban planning
- Health
- Education, culture and science

Information on GHG and NAMA

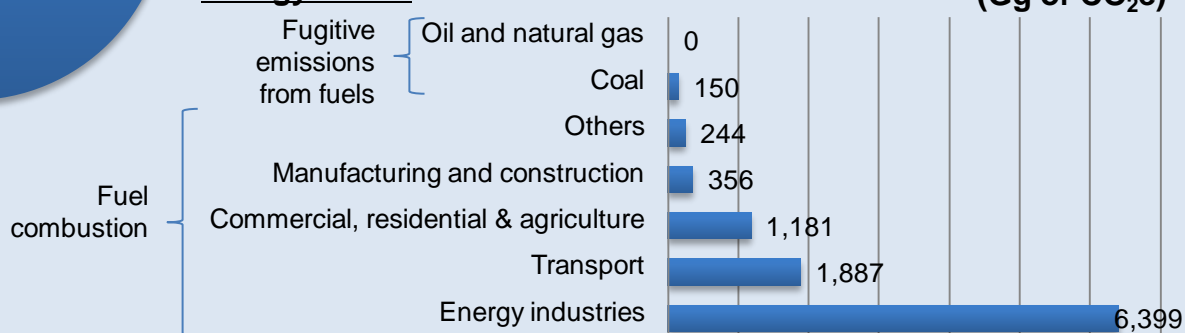
Overview of GHG Emissions (2006)



Agriculture sector



Energy sector



Source: Mongolia's 2nd National Communication to UNFCCC <http://unfccc.int/resource/docs/natc/mongnc2.pdf>

Nationally Appropriate Mitigation Actions (NAMAs)

Source: UNFCCC http://unfccc.int/meetings/cop_15/copenhagen_agreement/items/5265.php

| No | Sector / Actions | Scope of Actions |
|----------|---|---|
| 1 | Energy supply - Increase renewable options | |
| a | PV and solar heating | Install large scale PV systems in Gobi region |
| b | Wind power generators and Wind farms | <ul style="list-style-type: none"> ● Place 100-150kW wind turbine generators in provincial centers in the southern part ● Implement large scale wind farm project |
| c | Hydro power plants | Encourage the use of small and medium sized hydro developments |
| 2 | Energy supply - Improve coal quality | |
| a | Coal beneficiation | Introduce coal washing at the biggest coal mines such as Baganuur, Shivee-Ovoo and Tavantolgoi |
| b | Coal briquetting | Introduce coal briquetting technology |
| 3 | Energy supply - Improve efficiency of heating boilers | |
| a | Improve efficiency of existing HOBs and Install boilers with new design and high efficiency | <ul style="list-style-type: none"> ● Use 25MW efficient boilers x 12 ● Install 1MW new boilers x 260 |
| b | Convert hot water boilers into small capacity thermal power plants | Convert steam boilers into 10MW thermal power plants x 5 |

| № | Sector / Actions | Scope of Actions |
|----------|--|---|
| 4 | Energy supply - Improving household stoves and furnaces | |
| a | Change fuels for household stoves and furnaces | Change raw coal used in stoves of households in cities by LPG and Coal briquette |
| b | Modernize existing and Implement the new design for household stoves and furnaces | Modernize stoves and furnaces x 250,000 |
| 5 | Energy supply - Improve CHP plants | |
| | Improve efficiency and Reduce internal use | <ul style="list-style-type: none"> ● Improve efficiency at CHP plants ● Reduce own use at CHP plants |
| 6 | Energy supply – Increase use of electricity for local heating in cities | |
| | Use of electricity from grid for individual households in cities | In ger (traditional tent house) districts of Ulaanbaatar city |
| 7 | Building – Building energy efficiency improvement | |
| a | Improve district heating system in buildings | <ul style="list-style-type: none"> ● Reduce the loss such as minimizing leakage and replacement of valves and compensators ● Regulate room temperatures by residential customers |
| b | Install heat and hot water meters in apartments | Install the meters in apartments to calculate their heating fee and price based on actual amount of heat used |
| c | Make Insulation improvements for existing buildings and implement new energy efficient standards for new buildings | Lessen the heat loss to improve energy efficiency at houses and buildings 2-3 times higher than current |
| d | Improve lighting efficiency in buildings | Replace current ILB to energy efficient CFL in 30% of service and commercial buildings |
| 8 | Industry – Energy efficiency improvement in industry | |
| a | Improve housekeeping practices | Good housekeeping and energy management |
| b | Implement motor efficiency improvements | Energy efficient motors; variable speed drives; improved operation and maintenance; correction of previous over-sizing; improved mechanical power transmission, efficiency of driven equipment |
| c | Introducing dry-processing in cement industry | Change the wet-processing of cement to 1,000 -12,00 kcal/kg.cl. dry-processing |
| 9 | Transport | |
| | Use more fuel efficient vehicles | <ul style="list-style-type: none"> ● Implement used vehicle import standards to promote import of fuel efficient vehicles ● Implement vehicle registration tax to improve overall fuel efficiency of vehicles |

| No | Sector / Actions | Scope of Actions |
|-----------|---|---|
| 10 | Agriculture | |
| | Limit the increase of the total number of livestock by increasing the productivity of each type of animal, especially cattle | <ul style="list-style-type: none"> ● Arrange a good environment of economics and infrastructure for the animal husbandry sector ● Refine upon livestock breeding and service in accordance with social needs ● Bring the veterinary works and service into international standards ● Improve abilities if bearing risks like various change of climate, nature and ecology ● Develop the goal-directed market of livestock, livestock raw materials and products and accelerate the economic circulation |
| 11 | Forestry | |
| a | Improve forest management | <ul style="list-style-type: none"> ● Natural regeneration ● Plantation forestry ● Agro-forestry ● Shelter belts ● Bioelectricity |
| b | Reduce emissions from deforestation and forest degradation, improve sustainable management of forests and enhance forest carbon stocks in Mongolian forest sector | Initiate and implement a REDD projects through reforestation activities by community based forest management improvement and sustainable use of forest resources |

CDM Information

(1) Current Status of CDM in Mongolia

The CDM National Bureau (CDM-NB) was established at MNET on 14 November 2004. Since its establishment the Bureau has been dealing with acceptance of CDM project proposals for comment, assessment and issuance of no objection and approval letter. CDM project approval procedure and sustainable development criteria were renewed on 28 June 2011, by the directory of Minister for Nature, Environment and Tourism. The supervision of CDM-NB has been delegated to Climate Change Coordination Office as stipulated in the new Law on Air approved by Parliament on 24 June 2010 .

Basic Information

(as of Nov. 2011)

| Project Status | No. |
|--|-----|
| CDM projects registered at CDM executive board | 3 |
| CDM projects approved by DNA | 6 |
| CDM projects at or after the validation stage | 2 |

Source: IGES CDM Project Database http://www.iges.or.jp/en/cdm/report_cdm, CDM National Bureau (CDM-NB) <http://www.cdm-mongolia.com>

Basic Data for Registered CDM Projects (as of Nov. 2011)

| | Registered CDM Projects | | | | | Rejected |
|-------------------|-------------------------|--|---------------------------------------|---|------------------|----------|
| | No. of projects | Average annual emission reduction(tCO ₂) | Total ERs by 2012 (tCO ₂) | Amount of issued CERs (tCO ₂) | Review Conducted | |
| Hydro Power | 2 | 30,000 | 302,173 | 15,354 | 0 | 0 |
| Energy Efficiency | 1 | 11,904 | 83,328 | 0 | 0 | 0 |
| Total | 3 | 23,968* | 385,501 | 15,354 | 0 | 0 |

Source: IGES CDM Project Database http://www.iges.or.jp/en/cdm/report_cdm.html

*average annual emission reduction of all the projects

(2) CDM Project Information

DNA Approval and CDM Registration Status (as of Nov. 2011)

| Name of CDM Project Activity | Type of Project | Supplemental Info. | Approval Date (D/M/Y) | Annual ER (tCO ₂ /yr) | PPs (Host Country) | PPs (Others) | Status |
|---|-------------------|--------------------|------------------------------|----------------------------------|---|-------------------------------------|---|
| Durgun Hydropower Project in Mongolia | Hydro Power | New reservoir | 2006/10/2 | 30,400 | Energy Authority, Implementing Agency of the Government of Mongolia | Mitsubishi UFJ Securities Co., Ltd. | Issued CERs are 14,468 tCO ₂ |
| Taishir Hydropower Project in Mongolia | Hydro Power | New reservoir | 2006/10/02 | 29,600 | Energy Authority, Implementing Agency of the Government of Mongolia | Mitsubishi UFJ Securities Co., Ltd. | Amount of 1 st and 2 nd issued CERs are 886tCO ₂ |
| A retrofit programme for decentralised heating stations in Mongolia | Energy Efficiency | Supply side | 2006/04/27 | 11,904 | Prokon Nord Energiesysteme GmbH Mongol Zuukh XXI Ltd. | | Registered |
| Salkhit wind Farm | Wind Power | Total 50MW | Reissuance of LoA 2011/11/11 | 180,960 | Clean Energy LLC, Mongolia | | Under validation |
| Maikhan small hydropower project in Mongolia | Hydro Power | Run of river | 2010/12/09 | 36,377 | Usny Erchim Co.,Ltd. | | Before validation |
| Pellet and briquette plant in Mongolia | Biomass | Others | 2011/03/21 | 19,436 | NTIC Co.,Ltd (New Technology Investment and Consulting) Group | EnBW Trading GmbH | Under validation |

Designated National Authority (DNA) Information

(1) DNA Structure

CDM National Bureau (CDM NB)

Ad
Hoc
Expert
Group

CDM Project Appraisal Committee

Chair: Ministry of Nature,
Environment and Tourism

Secretary: Head of CDM National
Bureau

Members:

Ministry of Mineral Resources and
Energy

Ministry of Food, Agriculture and Soft
Industries

Ministry of Social Security and Labor

Ministry of Finance

Ministry of Road, Transport,
Construction and Urban Development

National Renewable Energy Center

Government Implementing Agency-
Forestry Authority

National Development and Innovation
Committee

Ulaanbaatar City Governor's Office

Mongolian Chamber of Commerce
and Industry

Mongolian Energy Association

Mongolian National University

National University of Science and
Technology

CDM National Bureau is responsible for

- I. Organising appraisal committee meetings
- II. Appointing Ad Hoc Expert Group*
- III. Issuing host country letter of approval/no objection to CDM project proponents;
- IV. Conducting monitoring for performance of CDM projects after the host country approval has been given;
- V. Maintaining a registry of CDM projects in Mongolia;
- VI. Organising meetings for technical team and providing consultation and facilitation to stakeholders, project developers, and communities;
- VII. Responding to requests related to the national CDM policies;

*Ad Hoc Expert Group is responsible for

- I. Assessing projects whether they meet certain technical and environmental criteria for CDM projects

CDM Project Appraisal Committee

is responsible for

- I. Evaluating projects on the basis of sustainable development criteria and deciding on whether to issue approval letter or not

(2) DNA Approval Procedure

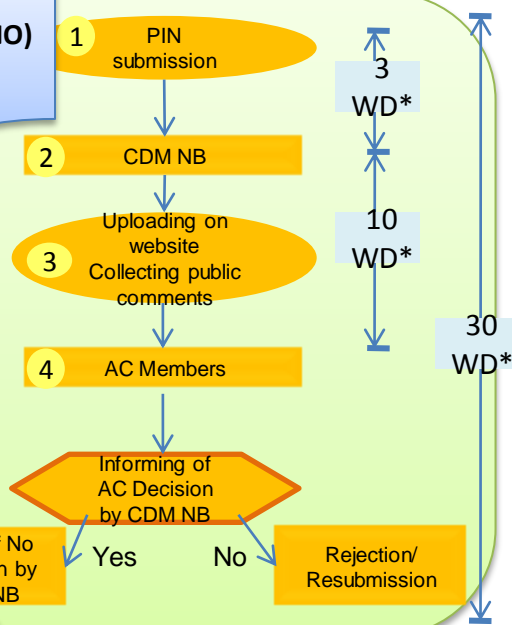
- Project proponent (PP) is required to submit the following for application for letter of No Objection (LoNO):
 - Letter of request for No Objection in Mongolian (original copy signed and stamped by PP)
 - PIN, in English language, 2 paper copies and an electronic copy
 - Declaration signed by PP that the PP is aware of the meaning of LoNO and responsibilities to bear by receiving LoNO.

Procedure for issuing LoNO is as follows:

- After receiving the application, CDM NB will conduct completeness check in 3 working days and if all the submitted documents are complete, CDM NB will upload the PIN on its website for 2 weeks.
- CDM NB will summarise comments received and send it along with all the supporting documents to the Appraisal Committee (AC) members.
- The CDM NB will inform the PP of the AC decision within thirty working days after the submission depending upon the speed of feedback from PP to any questions raised.

!!! LoNO doesn't constitute LoA which is prerequisite for the project officially being submitted for validation and registration.

Letter of No Objection (LoNO) Procedure (voluntary)



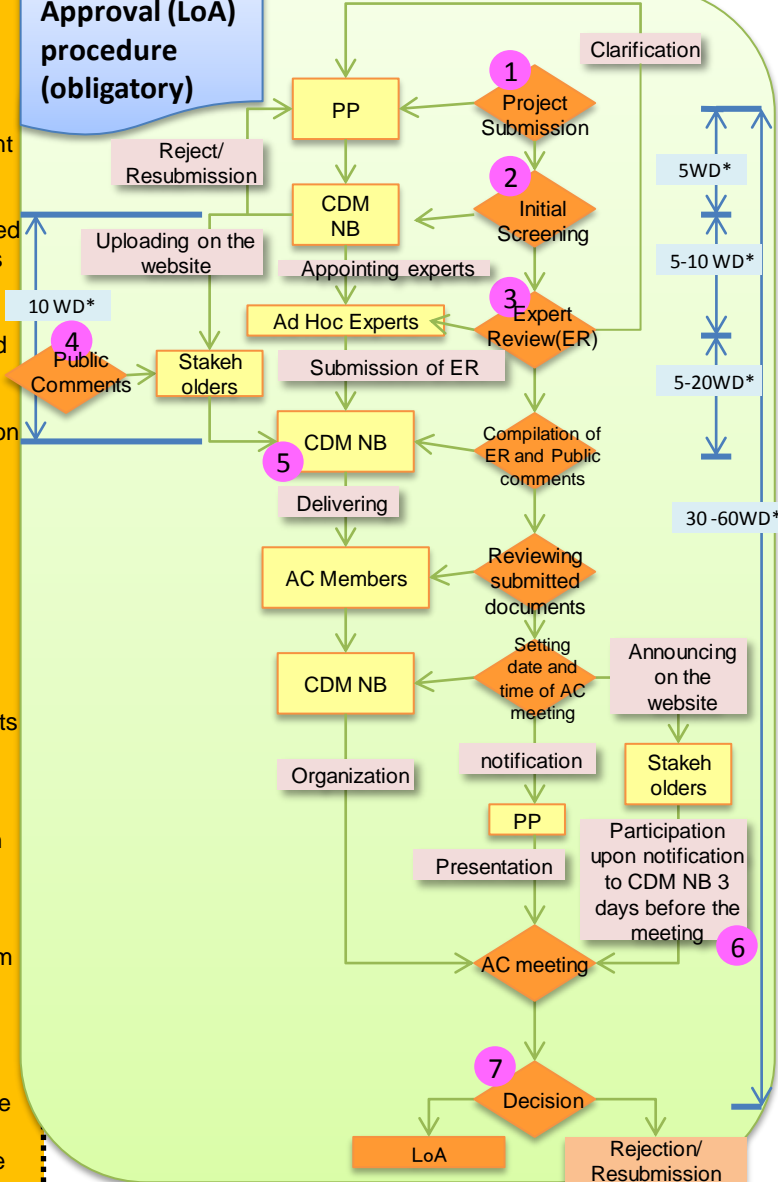
Letter of Approval (LoA) procedure (obligatory)

- PP is required to submit the following for application for Letter of Approval:
 - Letter of request for LoA by project proponent (signed and stamped) in Mongolian language.
 - 2 hard and a soft copy of completed PDD in most recent and appropriate format approved by CDM EB
 - Document describing how the project is contributing to sustainable development of the country by giving detailed explanation for each sustainable development criterions approved by the DNA
 - Declaration signed by project proponent that the PP is aware of the conditions under which LoA will be revoked by the DNA.
 - Other materials requested by the DNA which were deemed as necessary to evaluate the project contribution to sustainable development.

Approval procedure in DNA are as follows:

- CDM NB will do initial screening within 5 working days
- After initial screening, if submitted documents are complete, CDM NB will appoint Ad Hoc Expert Group who will conduct expert review within 5 working days;
- CDM NB will upload PDD on its website for 2 weeks to collect public comments
- CDM NB will distribute the analysis by Ad Hoc Expert Group with PDD as well as summary of public comments to AC members and set the date for AC meeting and announce it on its website.
- Any third party expressed its interest to participate the meeting as an observer 3 days earlier the meeting can attend the meeting
- The PP will be officially informed of the decision by the CDM National Bureau 30 to 60 working days after the submission, depending upon the speed of feedback from the PP to any questions raised.

An LoA may be re-issued by the Bureau without being regarded as new submission but only in cases where there are no substantive changes to the PDD, for example if there is a change in project designation (project name or PPs) or upon the request of a DOE, the UNFCCC Secretariat or the CDM Executive Board.



* Working days

(3) DNA Approval Criteria

Sustainable Development Criteria

Impact on Environment

| | | |
|---|---|--|
| Climate Change (Fossil fuel use, carbon sequestration, energy efficiency) | Local Environment (Air, water, soil, waste) | Natural Resource Use (Depleting natural resource base, biodiversity) |
|---|---|--|

Impact on Society

| | | | | |
|--|--|---------------|---|---------------------------------------|
| Poverty alleviation (Employment) | Equity (Income distribution) | Health | Satisfying Basic Demand (Energy, water, sanitation) | Improving Ecological Education |
|--|--|---------------|---|---------------------------------------|

Impact on Economy and Technology

| | | |
|--|--|--|
| Efficient Resource Utilization (Financial, technical and human resource) | Transfer of Technology and Know-how | Creation of Infrastructure (Road, transport, water pipe and energy grid etc.,) |
|--|--|--|

| Point | Impact |
|-------|---------------------|
| +2 | Highly positive |
| +1 | Positive |
| 0 | Neutral (no impact) |
| -1 | Negative |
| -2 | Highly negative |

For each cell of the evaluation sheet, an average of each members' score will be taken and considered as the AC valuation for this item. The sum of each column in each of the three sections of criteria (i.e. environment, social & economic), will be added to give the final score.

A negative score under any one of the three SD groups will automatically lead to a rejection of the project in its current formulation and the PP will be requested to take countermeasures or review and revise the information provided. A positive score in all three SD groups will lead to automatic approval. However, if there are negative cumulative results in any of the cells the AC will discuss the issue and may request clarifications from the PP. A cumulative score of 0 for any SD group will be considered inconclusive and the AC will resort to voting.

CDM Relevant Information

Ratification Status

| | |
|------------------------------------|-------------------|
| Signature of the UNFCCC | 12 June 1992 |
| Ratification of the UNFCCC | 30 September 1993 |
| Ratification of the Kyoto Protocol | 15 December 1999 |
| Establishment of DNA | 14 November 2004 |

Source:UNFCCC <http://maindb.unfccc.int/public/country.pl?country=MN>

The eligibility of lands for Afforestation and Reforestation CDM

| | |
|-----------------------------------|------|
| A single minimum tree crown cover | 10% |
| A single minimum land area | 1 ha |
| A single minimum tree height | 2 m |

UNFCCC related Works

| | |
|--|------------------|
| Mongolia's First National Communication | 1 November 2001 |
| Mongolia's Second National Communication | 10 December 2010 |

Source:UNFCCC

http://unfccc.int/national_reports/non-annex_i_natcom/items/2979.php

Mongolia Central Grid Emission Factor

| Regional Grid (unit: tCO ₂ /MWh) | 2009-2010 | |
|---|-----------|--------|
| | OM | BM |
| Central grid system | 1.1501 | 1.0559 |

Source:CDM-NB <http://www.cdm-mongolia.com>

Conditions to revoke approval letter by CDM National Bureau

The Bureau shall revoke a LoA if

| | |
|---|---|
| 1 | the project activities are later found to be in breach of Mongolian laws and regulations |
| 2 | if there was a deliberate misrepresentation of facts contained in the submitted documents |

Contact Information

Mongolian DNA

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Yuriko Koyanagi, IGES Market Mechanism Group December 2011

Acknowledgement

Data and information on Mongolia CDM projects for DNA approval were provided by the CDM NB-MNET. The valuable information and comments received from the CCCO and CDM NB-MNET for this issue of the Market Mechanism Country Fact Sheet were greatly appreciated.