

## Letter of Approval

To: Ms. Daniela Gressani  
Country Director  
Central Europe and Baltic States  
Prototype Carbon Fund  
The World Bank  
1818 H Street NW  
Washington DC 20433  
USA

Warsaw, 5 October 2005

Dear Ms. Gressani,

Ref: Prototype Carbon Fund, **Stargard Geothermal District Heating Project**

1. I wish to refer to the request by *Heating Services Company Geotermia Stargard Sp. z o.o.* that the above mentioned project be considered for the purchase of emission reductions by the Prototype Carbon Fund (PCF), established by the International Bank for Reconstruction and Development (IBRD). I also wish to refer to the Host Country Umbrella Agreement between the Republic of Poland and the IBRD as Trustee of the PCF, of October 24, 2003.
2. The Republic of Poland appreciates that the objective of the PCF is to buy emission reductions from Projects which will generate greenhouse gas emission reductions that in due course are expected to be eligible for transfer under Article 6 of the Kyoto Protocol to the UN Convention on Climate Change (UNFCCC) according to the terms of the UNFCCC, the Kyoto Protocol and the decisions, guidelines and modalities adopted thereunder.
3. As the authorized representative of the Republic of Poland, I hereby confirm that the Republic of Poland endorses the further development of the **Stargard Geothermal District Heating Project** and approves this project for the purpose of Article 6 of the Kyoto Protocol. The Republic of Poland considers that the project will assist in achieving sustainable development and authorizes the Trustee (and as appropriate the PCF Participants) and *Heating Services Company Geotermia Stargard Sp. z o.o.* to participate, under its responsibility, in actions leading to the generation, transfer or acquisition of Emission Reductions from that Project, and agrees to take whatever steps may be required under the UNFCCC and Kyoto Protocol for these purposes.
4. As the authorized representative of the Republic of Poland, I also confirm that:
  - (a) by this endorsement and approval the Republic of Poland is committing itself to render such assistance as may be necessary for the purposes of the UNFCCC, such as the verification and certification of the greenhouse gas emission reductions from that project for the purposes of Article 6 of the Kyoto Protocol, in accordance with the UNFCCC, the Kyoto Protocol and the decisions, guidelines and modalities adopted thereunder;
  - (b) the Emission Reductions to be generated by **Stargard Geothermal District Heating Project** have not been sold, assigned or transferred to any party (other than referred to in paragraph (a) of this Section), or otherwise subjected to any Lien;
  - (c) the Republic of Poland will set aside and/or transfer the Assigned Amount Units (AAUs) generated by this Project according to the Host Country Umbrella Agreement;

- (d) the Republic of Poland will issue and transfer the Emission Reduction Units generated by this Project according to the Host Country Umbrella Agreement;
- (e) Republic of Poland will notify the Secretariat of the UNFCCC and the Article 6 Supervisory Committee after its establishment of its intention to debit its Assigned Amount in the amount equivalent to **303 485** tons of CO<sub>2</sub>.
5. The Projects currently does not fall within the scope of the Directive 2003/87/EC of the European Parliament & the Council of the 13<sup>th</sup> October 2003 ("EU ETS Directive")
6. When issuing ERUs for the Project, Poland will comply with the provisions of the EU ETS Directive as amended by the Directive 2004/101/EC ("Linking Directive") in respect of the Kyoto Protocol's project mechanisms, which provide, inter alia, that:
- (a) for JI project activities which reduce or limit directly the emissions of an installation falling within the scope of the EU ETS Directive, Emission Reduction Units (ERUs) are issued only if an equal number of EU Allowances (as defined in the EU ETS Directive) are cancelled by the operator of that installation, and
- (b) for JI project activities which reduce or limit indirectly the emission level of installations falling within the scope of the EU ETS Directive, ERUs are issued only if an equal number of EU Allowances (as defined in the EU ETS Directive) are cancelled from the national registry of the Member State of the ERUs' origin.
7. When issuing ERUs for the Project, Poland will comply with the guidance to be issued by the European Parliament and Council, particularly in respect of avoidance of double counting of emission reductions in accordance with Article 11b, paragraph 7 of the EU ETS Directive as amended by the Linking Directive.
8. If the guidance referred to in paragraph 7 above requires, for example, establishment of a reserve pool of EU Allowances to fulfill provisions referred to in paragraph 6 above, then Poland will set aside sufficient EU Allowances to undertake the cancellation referred to in 6 above for the Project.
9. This letter will form part of the Project Design Document for the project and as such made publicly available through the UNFCCC Secretariat. For their interest in their matter I will send a copy of this letter to the Secretariat of the UNFCCC.
10. This letter of approval is done in two (2) originals in the English language.

Sincerely,



Tomasz Podgajniak  
Minister of Environment of the Republic of Poland