



Kommunalkredit Public Consulting GmbH  
Türkenstrasse 9  
1092 Vienna  
Austria

16. March 2010 No 12-2 / 1953-2

### Letter of Approval

Undersigned, as a legal and authorised representative of Estonia.

Acknowledging that Estonia has ratified the United Nations Framework Convention on Climate Change in 1994.

Taking into consideration that Estonia has ratified the Kyoto Protocol in 2002.

Recalling that the Republic of Estonia and the Republic of Austria have signed a Memorandum of Understanding regarding bilateral cooperation between the Minister of the Environment of the Republic of Estonia and the Federal Minister of Agriculture, Forestry, Environment and Water Management of the Republic of Austria for the realisation of projects in the field of the Joint Implementation under article 6 of the Kyoto Protocol in 2006.

Referring to Jägala-Joa Hydropower Development hereafter to be referred to as "Project", located by the river Jägala at the Jõelähtme municipality in Harju County in Estonia, planned by OÜ Jägala Energy, Silmiku 3 11913 Tallinn, Estonia, hereafter to be referred to as "Contractor"

and

the Emission Reduction Purchase Agreement between the Republic of Austria, Federal Minister of Agriculture, Forestry, Environment and Water Management, represented by Kommunalkredit Public Consulting GmbH and OÜ Jägala Energy, signed in April 2007, hereafter referred to as "the ERPA". Terms defined in the ERPA and not defined otherwise in this Letter of Approval shall have the same meaning as in the ERPA.

Estonia declares, agrees, warrants and undertakes as follows:

Estonia has ratified the Kyoto Protocol.

Estonia is in compliance with the requirements to participate in Article 6 of the Kyoto Protocol projects as stated in the Marrakech Declaration.

Estonia recognises the "Project" to be a Joint Implementation project in accordance with Article 6 of the Kyoto Protocol and its underlying decisions.

Estonia authorises the Contractor and any future owner of the Project to generate Emission Reduction Units ("ERUs"), by operation of the Project, in accordance with Article 6 of the Kyoto Protocol and commits itself to render such assistance as may be necessary in the verification, issuance and transfer of any emission reductions generated by the Project.

Estonia acknowledges and expressly agrees that all the terms and conditions providing for the purchase of certain emission reductions generated by the Project and the delivery schedule shall be agreed between the Contractor and the Republic of Austria in the ERPA.

Estonia agrees to the transfer in accordance with the ERPA of 100% of verified ERUs generated by the Project (estimated 36 945 tons of CO<sub>2</sub>-eq from Determination Report) during the period of 01.11.2008-31.12.2012 to the Republic of Austria through the transfer of ERUs by Estonia or through any other mechanism accepted by Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the request of the Republic of Austria. The transfer of estimated 36 945 tons of CO<sub>2</sub>-eq ERUs to the Republic of Austria will take place after Contractor has submitted Verification documents verifying the generation of an equivalent amount of emission reductions.

The transfer of ERUs is irrespective of any legal or other transfer of the "Project" to third parties.

Estonia acknowledges the right of first refusal of the Republic of Austria under the ERPA with regard to the emission reductions generated by the "Project" after December 31<sup>st</sup> 2012. A transfer to Austria in accordance with the ERPA of up to 100% of such emission reductions has to be approved by Estonia separately.

Estonia has met all eligibility criteria for Track 1 Procedure under the Kyoto Protocol and agrees that, if both itself and the Republic of Austria fulfil these requirements, Contractor may choose to apply the Track I Procedure to the "Project".

Signed

For the Host Country: Estonia  
Full Name Country: The Republic of Estonia  
Name: Jaanus Tamkivi  
Position: Minister of the Environment

Signature:

Cc: Jägala Energy OÜ  
Silmiku 3 11913  
Tallinn  
ESTONIA