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Fabianinkatu 34, 00170 Helsinki  
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13 November 2006, Tallinn  
*no 13-7-2/137/2*

### **Letter of Approval**

The Ministry of the Environment has received a proposal submitted by Viru-Nigula Tuulepark OÜ, hereinafter referred to as Supplier, to erect a Wind Farm located at the north coast of Estonia at Viru-Nigula municipality, hereinafter referred to as the JI project, with the request to issue a Letter of Approval for the JI project.

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

Recalling that Estonia has ratified the Kyoto protocol in 2002;

Taking into account that the Republic of Estonia and the Kingdom of Sweden have signed an Agreement on Joint Implementation of Emission Reductions of Greenhouse Gases in 2005;

Taking also into account that the Agreement on a Testing Ground for Application of the Kyoto Mechanisms on Energy Projects in the Baltic Sea Region, hereinafter referred to as the Testing Ground Agreement, which entered into force in Estonia in 2004, particularly its Article 6 on criteria, approval and registration of projects;

Noting that the Supplier and the Swedish Energy Agency, hereinafter referred to as the Purchaser, have agreed to sale and purchase Emission Reduction Units (ERUs) generated by the JI project during the years 2006-2012 in accordance with the provisions of the Emission Reductions Purchase Agreement (ERPA) signed on 9 March 2006;

Noting also that the Supplier and the Nordic Environment Finance Corporation (NEFCO) in its capacity as Fund Manager for the Baltic Sea region Testing Ground Facility (TGF), hereinafter referred to as the Purchaser, have agreed to sale and purchase ERUs generated by

the JI project during the years 2006-2012 in accordance with the provisions of the ERPA signed on 17 March 2006;

The Ministry of the Environment declares that:

1. Estonia approves the JI project as a Joint Implementation (JI) project in accordance with Article 6 of the Kyoto Protocol, the Marrakech Accords and the relevant rules, decisions, guidelines, modalities and procedures thereunder, hereinafter referred to as the Provisions.
2. Estonia shall notify the Secretariat of the United Nations Framework Convention on Climate Change of the JI project and make publicly available information on the JI project in accordance with the Provisions.
3. Estonia authorizes the Supplier and any future owner of the JI project to generate ERUs, by implementing and operating the JI project, in accordance with the Provisions.
4. Estonia shall ensure and perform the timely issuance and transfer of emission reductions (ERs) generated by the Project during the years 2006-2007 and sold to the Purchasers under the ERPAs as AAUs in accordance with Article 17 of the Kyoto Protocol and the provisions of the ERPAs. The transfer of the AAUs (estimated 77 426 t CO<sub>2</sub> eq) to the Purchasers will take place after verification documents verifying the generation of an equivalent amount of ERs have been submitted and on the request of the Purchasers starting from the year 2008. Estonia accepts the verification options referred in Article 7 of the Testing Ground Agreement.
5. Estonia shall ensure and perform the timely issuance and transfer of ERUs generated by the Project during the years 2008-2012 and sold to the Purchasers under the ERPAs, in accordance with Article 6 of the Kyoto Protocol and the provisions of the ERPAs. The transfer of the ERUs (estimated 316 508 t CO<sub>2</sub> eq) to the Purchasers will take place after verification documents verifying the generation of an equivalent amount of ERs have been submitted and on the request of the Purchasers starting from the year 2008.
6. The transfer of generated verified surplus ERUs and AAUs to the Purchasers will be decided during the forthcoming procedures and discussions on JI project between the Government of the Estonia and the Purchasers.
7. Estonia plans to comply with the participation requirements as stated in Article 2 of the Annex to the Marrakech Declaration by 1 January 2007.
8. If Estonia, at any time during the implementation of the ERPAs, satisfies the eligibility requirements for the Track I Procedure under the Provisions, it shall notify the Purchasers.


The Ministry of the Environment notes that Estonia's support schemes for producing electricity from renewable energy sources are still under development and national initiatives based on Electricity Market Act may change support schemes and other benefits implemented to this JI project. When regulating the electricity market, Estonia is guided by principles that allow producers to cover expenses from electricity production, expenses derived from legislation, expenses related to fulfilling activity licence terms and reasoned profitability from invested capital.

Signed

For the Host Country: Estonia  
Full Name of the Country: Republic of Estonia  
Name: Rein Randver  
Position: Minister of the Environment  
Date: \_\_.11.2006  
Signature:



Cc: OÜ Viru-Nigula Tuulepark  
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Anika Uudelepp kantsler

10-11-2006