

Republic of Bulgaria**MINISTRY OF ENVIRONMENT AND WATER****Letter of Approval**

Undersigned, as a legal and authorized representative of the Republic of Bulgaria;

Acknowledging that the Republic of Bulgaria has ratified the United Nations Framework Convention on Climate Change in 1995;

Taking into consideration that the Republic of Bulgaria has ratified the Kyoto Protocol in 2002;

Recalling that the Republic of Bulgaria and the Republic of Austria have signed a Memorandum of Understanding regarding bilateral co-operation under Article 6 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change in 2002;

Bearing in mind that the Government of the Republic of Bulgaria has authorized the Ministry of Environment and Water of the Republic of Bulgaria, and that the Government of the Republic of Austria has authorized the "Kommunalkredit Austria AG", to act as Parties to the Memorandum of understanding regarding bilateral co-operation for the realization of Joint Implementation projects, signed between both countries;

Taking into account that the designated authorities, as the Parties to the Memorandum, have endorsed the development of the below mentioned project, for the purposes of Joint Implementation (JI) under Article 6 of the Kyoto Protocol;

Referring to:

Proposal number/date	26-00-0610/30.03.2006
Title	"Rehabilitation of Dolna Arda hydropower cascade, Bulgaria"
Location	Along the "Arda" river, Bulgaria
Project Company (Supplier of the ERUs)	"National Electric Company", Bulgaria

hereinafter referred to as "the JI project";

Taking into consideration that the JI project is expected to provide a reduction in greenhouse gas emissions by sources that are additional to any that would otherwise occur;

Declares that:

1. The Republic of Bulgaria will comply with its obligations under the Kyoto Protocol, including the eligibility requirements, as stated under paragraph 21 of the Annex to Decision 16/CP.7 (Guidelines for the implementation of Article 6 of the Kyoto Protocol) and paragraph 2 of the Annex to Decision 18/CP.7 (Modalities, rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol), in order to participate in JI mechanism according to Article 6 of the Kyoto Protocol;
2. The Republic of Bulgaria commits itself to take all steps required under the Kyoto Protocol and/or the relevant rules, decisions, modalities, guidelines and procedures thereunder, concerning the transfer of emission reductions from the JI project, including avoidance of double counting according to the Directive 2004/101/EC and the relevant decisions of the European Commission.
3. The Republic of Bulgaria approves the Project as a Joint Implementation project in accordance with Article 6 of the Kyoto Protocol and the subsequent decisions, adopted by the Conference of the Parties, serving as the Meeting of the Parties (COP/MOP) and the decisions, approved by the Joint Implementation Supervisory Committee.
4. The Republic of Bulgaria authorizes the "Supplier" and any future owner of the JI project to make a claim for Emission Reduction Units (ERUs), by the operation of the JI project, in accordance with Article 6 of the Kyoto Protocol.
5. The Republic of Bulgaria accepts to transfer the verified ERUs up to 267 465 t CO₂ equivalent, generated through the JI project during the period 2008 – 2012 and contracted between the "Supplier" and the "Kommunalkredit Austria AG".
6. The transfer of ERUs from the Republic of Bulgaria to the Republic of Austria will be free of any taxes or levies.
7. The transfer of ERUs from the Republic of Bulgaria to the Republic of Austria is irrespective of any legal or other transfer of the JI project to third Parties.
8. In case that the Republic of Bulgaria and the Republic of Austria fully comply with the eligibility requirements of paragraph 21 of the Annex to Decision 16/CP.7 (Guidelines for the implementation of Article 6 of the Kyoto Protocol), the verification of emission reductions generated through the JI project and the transfer of ERUs will be based on paragraph 23 of this Annex ('JI Track one').

Signature:

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Mr. Dzhevdet Chakarov**Minister of Environment and Water of the Republic of Bulgaria****Date: 10 October 2006****Sofia, Bulgaria**