

R O M A N I A



**MINISTRY OF AGRICULTURE, FORESTS, WATERS
AND ENVIRONMENT**

Cabinet of Minister

Nr. 1143/192/22.08.2003

Letter of Approval

Enforcing the policy of climate change defined by the UNFCCC, Romania, as an Annex I country of this convention, is guided by the principles that "policies and measures to deal with climate change should be cost effective so as to ensure global benefits at the lowest possible cost";

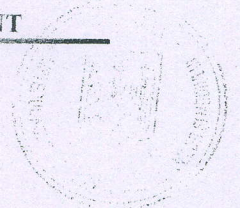
Recalling the Article 6 of the Kyoto Protocol, adopted by the Conference of the Parties at the third meeting of the UNFCCC, which enables "...the transfer from one Party to another Party of emission reduction units resulting from projects aimed at reducing anthropogenic emissions by sources or enhancing anthropogenic removals by sink of greenhouse gases in any sector of economy" for the purpose to meet the commitments under Article 3 of the Protocol;

For the project mentioned below, subject previously to the review of the National Commission on Climate Change, the Ministry of Agriculture, Forests, Water and Environment issues the present Letter of Approval.

Referring to the project ERU01/17 "Modernization of first 4 hydrounits in Portile de Fier II hydrostation", hereafter to be referred to as "the JI Project",

MINISTRY OF AGRICULTURE, FORESTS, WATER AND ENVIRONMENT

Bdul. Carol I nr. 24, Bucuresti – sector 3, Tel/Fax: 315.44.12



located in Drobeta-Turnu Severin, Calea Timisoarei nr.2,
Mehedinti County,
dated 11/08/2003,
by HIDROELECTRICA SA, hereafter to be referred to as
"Supplier",

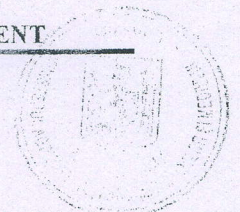
the Ministry of Agriculture, Forests, Water and
Environment

declares that :

1. Romania has ratified the Kyoto Protocol
2. Romania will comply with the requirements to participate in Article 6 KP projects as stated in the Marrakesh Declaration no later than September 1st 2006
3. Romania recognises the JI project to be a Joint Implementation project in accordance with article 6 of the Kyoto Protocol and its underlying decisions.
4. Romania authorises the contractor and any future owner of the JI project to generate Claims on ERUs, by operation of the JI project, in accordance with article 6 of the Kyoto Protocol.
5. Romania accepts the transfer of 800 000 tCO₂ of verified ERUs, generated through the JI project plus any generated surplus, to the Government of The Netherlands during 2008-2012 of the JI project, through the transfer of ERUs by the Romania. The transfer of ERUs is irrespective of any legal or other transfer of the JI project to the third parties
6. The transfer of ERUs from Romania to the Netherlands will be free of any taxes or levies.
7. The transfer of ERUs from Romania to the Netherlands is irrespective of any legal or other transfer of the JI project to third parties.

MINISTRY OF AGRICULTURE, FORESTS, WATER AND ENVIRONMENT

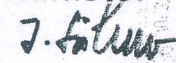
Bdul. Carol I nr. 24, Bucuresti – sector 3, Tel/Fax: 315.44.12

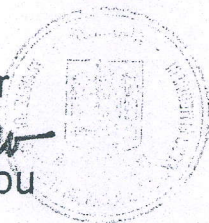


8. In case the Kyoto Protocol will not enter into force, Romania and the Netherlands consider the transfer to the Netherlands as a transfer of greenhouse emission reduction on bilateral basis
9. In case Romania and the Netherlands fully comply to the participation requirements of the Marrakesh accords, the transfer of ERUs will be based on article 23 of these accords ("JI track one")
10. Romania acknowledges the fact that the JI project will already be operational prior to 2008 and will reduce GHG emissions in that period. Romania will transfer to the Netherlands Assigned Amounts Units (AAUs) through the Emission Trading mechanism of Article 17 of the Kyoto Protocol to a 100 000 tCO₂ of the verified emission reductions realised by the JI project prior to 2008. Romania will agree with Supplier on a method of verification.
11. Romania will comply with the participation requirements as stated under article 2 in the Annex to the Marrakesh Declaration (Decision-/CP 7 (Article 17)) (Modalities, rules and guidelines for emission trading), no later than September 1st 2006.
12. At the latest in 2011 Romania and the Netherlands will start discussions on eventual transfer of ERUs generated by the JI project after 2012

Signed 22/08/2003, Bucharest, Romania

Minister


Ilie Sarbu



MINISTRY OF AGRICULTURE, FORESTS, WATER AND ENVIRONMENT

Bdul. Carol I nr. 24, Bucuresti – sector 3, Tel/Fax: 315.44.12