



**REPUBLIC OF BULGARIA**  
**MINISTRY OF ENVIRONMENT AND WATER**

---

**Letter of Approval**

Undersigned, as a legal and authorised 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 Kingdom of the Netherlands have signed a Memorandum of Understanding on Reducing Emissions of Greenhouse Gases under Article 6 of the Kyoto Protocol,

Referring to:

Proposal number: 4977/10.05.04, named:

**CO-GENERATION GAS POWER STATION – BIOVET, PESHTERA**

hereafter to be referred to as “the JI project”,  
located in the town of Peshtera, Bulgaria

by “Biovet AD”, hereafter to be referred to as “the Supplier”,

declares that:

1. Bulgaria has ratified the Kyoto Protocol.
  2. Bulgaria will comply with the requirements to participate in Article 6 Kyoto Protocol projects as stated in the Marrakech Declaration no later than 1 September 2006.
-

3. Bulgaria recognises the JI project to be a Joint Implementation project in accordance with article 6 of the Kyoto Protocol and its underlying decisions.
  4. Bulgaria authorises the Supplier and any future owner of the JI project to generate ERUs, by operation of the JI project, in accordance with article 6 of the Kyoto Protocol.
  5. Bulgaria accepts the transfer of 339 000 of verified ERUs, generated through the JI project, to the Government of The Netherlands during the period 2008 – 2012 of the JI project, through the transfer of ERUs by Bulgaria.
  6. The transfer of ERUs from Bulgaria to the Netherlands will be free of any taxes or levies.
  7. The transfer of ERUs from Bulgaria to the Netherlands is irrespective of any legal or other transfer of the JI project to third parties.
  8. In case the Kyoto Protocol will not enter into force, Bulgaria shall transfer to the Netherlands greenhouse gas emission reductions and all rights derivable therefrom on a bilateral basis in an amount equal to the number of verified emission reductions.
  9. In case Bulgaria and the Netherlands fully comply with the participation requirements of the Marrakech accords, the transfer of ERUs will be based on article 23 of these accords ('JI track one').
  10. Bulgaria also confirms that it will set aside for the "Co-generation gas power station – Biovet, Peshtera" an amount of Assigned Amount Units (AAUs) corresponding to 200 000 t CO<sub>2</sub> equivalent expected to be generated by the Project prior to 2008 in accordance with the MoU between the Republic of Bulgaria and the Kingdom of the Netherlands.
  11. Bulgaria is currently in the process of establishing an AAU management and investment scheme for "greening" of AAUs transferred through the Emissions Trading mechanism of Article 17 of the Kyoto Protocol. Once the scheme is operational, latest at the beginning of 2006, the AAUs generated by the Project and agreed between the Host country and the Supplier, will be transferred to the Netherlands.
-

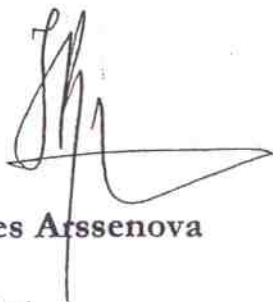
12. The transfer of the amount of 200 000 AAUs will take place after the Bulgaria's Assigned Amounts Registry has been established, provided that

- (a) The Project Entity or the Netherlands have submitted Verification documents verifying the generation of an equivalent amount of emission reductions;

13. Bulgaria will comply with the participation requirements as stated under article 2 in the Annex to the Marrakech Declaration (Decision -/CP.7 (Article 17)) (Modalities, rules and guidelines for emissions trading), no later than September 1st 2006.

14. Should Bulgaria at any time consider to allocate allowances to the Project or otherwise include the Project in its national allocation plan in such a way that the Project shall no longer be able to generate ERUs, Bulgaria will, taking into account the early action taken by the Project Company, allocate a number of allowances to the Project that is equal to the number of tonnes CO<sub>2</sub> e that would have been emitted in the absence of the Project as expressed in the baseline.

Signed:



**Doloras Arsenova**

**Minister**

Date: 25/05/2004

Sofia, Bulgaria

---