

MEMORANDUM OF UNDERSTANDING
REGARDING
BILATERAL CO-OPERATION
FOR THE REALISATION OF
JOINT IMPLEMENTATION PROJECTS
BETWEEN THE REPUBLIC OF AUSTRIA AND
THE REPUBLIC OF BULGARIA

The Federal Minister of Agriculture, Forestry, Environment and Water Management of the Republic of Austria and the Minister of Environment and Water, the Minister of Finance and the Minister of Energy and Energy Resources of the Republic of Bulgaria,

- Recalling that the Republic of Austria has ratified the Kyoto Protocol in May 2002 and that the Republic of Bulgaria has signed the Kyoto Protocol and is currently preparing its ratification
- Taking into account in particular Article 6 of the Kyoto Protocol including Decision 15/CP.7 and 16/CP.7 adopted at the Marrakesh Conference as well as future decisions of the Conference of the Parties of the UNFCCC concerning the implementation of this Article
- Affirming the intention of the Republic of Austria and the Republic of Bulgaria, hereafter referred to as the Partner States, to undertake all efforts to promote the development of a sustainable and environmentally friendly energy policy
- Recalling existing co-operation in the fields of environment and energy and stressing the importance of enhanced co-operation within the framework of the energy partnership

have reached the following understanding:

I. Scope and Objective

The co-operation in the framework of this Memorandum will facilitate the realization of Joint Implementation projects in accordance with Article 6 of the Kyoto Protocol in the Republic of Bulgaria through joint activities and the transfer to the Republic of Austria of emission reduction units resulting from the implementation of such projects.

II. Project Types and Categories

1. The provisions of this Memorandum will apply in any case to the following priority project categories in so far as the technical implementation of the projects corresponds to the current state of technical development:

- Construction (or retrofitting) of CHP installations;
- Fuel switch in energy conversion installations to renewable or from fuels with high carbon content to fuels with lower carbon content, in particular in existing district-heating systems;
- Construction (or retrofitting) of power generation installations operated with renewables (in particular hydropower, wind power, biogas or biomass CHP);
- Projects leading to avoidance or (energetic) recovery of landfill gas;
- Waste management measures contributing to avoidance of greenhouse gas emissions in particular through energy recovery and use;
- Projects leading to reduction of final energy consumption in residential buildings, public and private services buildings as well as in industrial applications and processes (including waste heat potentials).

2. Concerning projects not listed under paragraph 1 above, the Partner States will decide jointly in how far provisions of this Memorandum can be applied to support their realization.

3. Projects will have overall positive impacts on the environment and social development of the Republic of Bulgaria.

4. Projects aiming at the construction or retrofitting of nuclear power plants will be excluded under this Memorandum.

III. Energy Partnership

1. The Partner States agree on setting up joint activities (“Energy Partnership”) with the aim to support project identification and project development in the early project phase mainly with respect to the energy-related project categories mentioned in Article II. Activities under the “Energy Partnership” will be realized with joint contributions from the Partner States and aim at a steady pipeline of high-quality Joint Implementation projects for implementation under the provisions of this Memorandum. The realization of the following activities is agreed:

- a. providing information and know-how exchange, mainly by organizing joint conferences and meetings with involved experts and companies;
- b. setting up a steady platform for co-operation between experts, companies, utilities and other involved actors;
- c. training of project developers, companies, utilities and other involved actors, where relevant;
- d. technical and organizational support for the identification of potential Joint Implementation projects and in the first steps of project definition and development.

2. The Partner States nominate the Executive Agency for Energy Efficiency (EAEE) and the Austrian Energy Agency (E.V.A.) to prepare the final work programme of the Energy Partnership.

IV. Project Cycle

1. The project cycle will be based on the provisions of the Kyoto Protocol and all relevant COP and COP/MOP decisions and will follow any additional requirements or national guidelines of both Partner States.

2. The Partner States agree to elaborate standardized procedures for certain project categories.

V. Principles for baseline setting and calculation of ERUs

1. A baseline will be established in accordance with the relevant COP and COP/MOP decisions.

2. ERUs attributable to a project will be calculated by subtracting the monitored and verified data on actual emissions from the baseline after realization of the project.

3. The elaboration of the baseline study and the detailed calculation of ERUs will follow primarily an existing methodology accepted by both Partner States. Unless otherwise agreed between the Partner States for specific projects, a baseline, which has been validated in accordance with the provisions of this Memorandum, will have to be re-assessed and re-validated at the earliest 5 years, but at the latest 10 years after the original validation.

4. The Partner States strive to co-operate on the elaboration and further development of methodologies for baseline setting and ERU calculation.

VI. Approval by the Republic of Bulgaria and Transfer of Emission Reduction Units to the Republic of Austria

1. The ERUs to be transferred to the Republic of Austria will be determined between the Partner States by mutual agreement in accordance with the provisions under Art. VII and approved by the Republic of Bulgaria in written form. Such written approval will contain a legally binding confirmation of the Republic of Bulgaria that such ERUs attributable to a project under Art. II will be transferred to the Republic of Austria upon verification.

2. Such transfer may occur as long as ERUs can be attributed to a project in accordance with the provisions under Art. V. As a matter of principle, ERUs may only be transferred after their actual occurrence and corresponding to the extent of their actual occurrence in the year concerned.

3. The Bulgarian authorities will furthermore facilitate the development and fulfillment of projects through assistance to the interested companies involved, e.g. by providing relevant information.

VII. Co-ordination between the Partner States

1. Concerning the management of projects with regard to the support measures granted by the Republic of Austria and with regard to the transfer of ERUs attributable to a project from the Republic of Bulgaria to the Republic of Austria, the Partner States agree upon the following process:

- a. Both Partner States will designate Secretariats to be responsible for the operative representation of the respective Partner State and to function as direct contact points in all matters concerning the implementation of this Memorandum.
 - b. The Austrian Secretariat and the Secretariat of the Republic of Bulgaria will have to reach agreement on the eligibility of a selected project for transfer of ERUs in accordance with the provisions of this Memorandum. On this basis, in accordance with Art. V the ERUs resulting from the project, which will be transferred after project realization from the Republic of Bulgaria to the Republic of Austria, will have to be determined by mutual agreement. The above-mentioned agreements may be linked to conditions in relation to actual implementation of the projects.
2. The Secretariats of the Partner States will jointly define requirements for independent entities which may be charged with baseline validation and verification of ERUs that have actually occurred. On the basis of this definition of requirements the Secretariats will jointly select the appropriate entities and grant written authorization to such entities to perform the above-mentioned verification functions. It is agreed that independence of such entities from representatives of the Republic of Austria, of the Republic of Bulgaria, and from interests of prospective project participants will constitute an indispensable requirement.
 3. The Secretariats of the Partner States will jointly develop standardized procedures for certain project categories.

VIII. Adjustment of the Memorandum to future international agreements

In case a specific provision of this Memorandum contradicts a provision from a treaty to be concluded in the future and to which one of the Partner States becomes a Party, the Memorandum will be adjusted accordingly based on the agreement of both Partner States.

IX. Final Provisions

This Memorandum will take effect after finalization of internal procedures by both Partner States and mutual notification thereof. Amendments and supplements require written form.

The Memorandum is executed in two originals in the English language.

SIGNED in Vienna, on

SIGNED in Sofia, on

Wilhelm MOLTERER

Federal Minister for Agriculture,
Forestry, Environment and Water
Management of the Republic of
Austria

Dolores ARSSENOVA

Minister of Environment and Water

Milen VELTCHEV

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