

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE MINISTRY OF WATERS AND ENVIRONMENTAL
PROTECTION OF ROMANIA
AND THE
FEDERAL MINISTRY OF AGRICULTURE, FORESTRY, ENVIRONMENT AND
WATER MANAGEMENT OF THE REPUBLIC OF AUSTRIA
REGARDING BILATERAL CO-OPERATION FOR THE REDUCTION OF
GREENHOUSE GAS EMISSIONS**

The Ministry of Waters and Environmental Protection of Romania and the Federal Ministry of Agriculture, Forestry, Environment and Water Management of the Republic of Austria, hereinafter referred to as "Parties",

Recalling that Austria and Romania have ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC),

Taking into account in particular Article 6 of the Kyoto Protocol including Decision 15/CP.7 and 16/CP.7 adopted at the 7th Conference of the Parties (CoP), in Marrakech in 2001 as well as further decisions of the Conference of the Parties of the UNFCCC and CoP/MoP of the Kyoto Protocol concerning the implementation, of this Article,

Considering the provisions of Article 17 of the Kyoto Protocol with reference also to Decision 18/CP.7 adopted at CoP 7 in Marrakech as well as to further decisions of the Conference of the Parties of the UNFCCC and CoP/MoP of the Kyoto Protocol concerning the implementation, of this Article,

Affirming their intention to undertake all efforts to promote the principles of sustainable development and environmental-friendly policies, in the fields of energy, industrial processes, agriculture, wastes and land use change and forestry,

Have reached the following understanding:

**Article 1
Objective**

The co-operation in the framework of this Memorandum of Understanding will include support for realizing Joint Implementation projects in Romania in accordance with Article 6 of the Kyoto Protocol through joint activities and the transfer to the Austrian side of emission reduction units (ERU) resulting from the implementation of such projects.

Article 2 Project Cycle

- (1) The project cycle will be based on the provisions of the Kyoto Protocol and all relevant subsequent decisions adopted by CoP and CoP/MoP.
- (2) The project cycle will consist of the following steps:
 - a) Elaboration of a baseline study;
 - b) Validation of a baseline study before the project starts by an Independent entity in accordance with Article 3 of this Memorandum of Understanding;
 - c) Preparation and conclusion of an Emission Reduction Acquisition Agreement;
 - d) Monitoring of actual emissions resulting from a project by project participants;
 - e) Calculation of the difference between actual emissions and baseline, taking into account agreed baseline adjustments, wherever appropriate;
 - f) Verification of the ERUs calculated by an Independent entity, to be performed annually;
 - g) Transfer of ERUs.

Article 3 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 the 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 Parties. Unless otherwise agreed between the Parties for specific projects a baseline, which has been validated in accordance with the provisions of this Memorandum of Understanding, will have to be re-assessed and revalidated by an Independent entity at the earliest 5 years, but at the latest 10 years after the original validation.
- (4) The Parties will co-operate on the elaboration and further development of methodologies for baseline setting and ERU calculation.
- (5) The Austrian side will, subject to the provisions of the future Austrian JI/CDM programme, support preparatory and other additional activities in connection with the projects, such as elaboration, verification, validation, re-assessment and revalidation of the baseline.

Article 4 Approval and Transfer of ERUs

- (1) The ERUs to be transferred to the Austrian side will be determined between the Parties by mutual agreement in accordance with the provisions under Article 6 of this Memorandum of Understanding and approved by the Romanian side in written form, in accordance with its internal legal procedures. Such written approval will contain a legally binding confirmation of the Romanian side that the ERUs attributable to a project under Article 3 of this Memorandum of Understanding and verified by an Independent entity will be transferred to the Austrian

side.

(2) Such transfer may occur as long as ERUs are attributed to a project in accordance with the provisions under Article 3 of this Memorandum of Understanding. 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 Romanian Party will furthermore assist the companies involved for development and fulfillment of projects.

(4) The necessary details related to emissions trading under Article 17 of the Kyoto Protocol will be agreed on a case by case basis in accordance with its relevant provisions and rules.

Article 5 Project Categories

(1) The provisions of this Memorandum of Understanding, while not limited in scope, will apply in any case to the following project categories in so far as the technical implementation of the projects corresponds to the current state of technological development:

- a) Construction (or retrofitting) of CHP installations;
- b) 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 distance-heating systems;
- c) Construction (or retrofitting) of power generation installations operated with renewable (in particular hydropower, wind power, biogas or biomass CHP);
- d) Projects leading to avoidance or (energetic) recovery of greenhouse gas emissions from landfills;
- e) Projects leading to reduction of final energy consumption in residential buildings, public and private service buildings as well as in industrial applications and processes (including waste heat potentials).

(2) Concerning projects not listed under paragraph 1 above, the Parties will decide jointly on how far provisions of this Memorandum of Understanding can be applied or need to be amended to support the realization of such projects.

(3) The selected projects will have overall positive impacts on the environment and will contribute to the social development of Romania.

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

Article 6 Co-ordination between Parties

(1) Concerning the management of projects with regard to the support granted by the Austrian Party and with regard to the transfer of ERUs attributable to a project from the Romanian side to the Austrian side, the Parties agree upon the following process:

- a) Both Parties will designate representatives to be responsible on their behalf for the operative representation and to function as direct contact points in all matters concerning

the implementation of this Memorandum of Understanding.

b) The Austrian designated representatives and the Romanian designated representatives will have to reach agreement on the eligibility of a selected project for transfer of ERUs in accordance with the provisions of this Memorandum of Understanding. On this basis and in accordance with Article 4 of this Memorandum of Understanding the ERUs resulting from the project, which will be transferred after the project realization from the Romanian side to the Austrian side, will have to be determined by mutual agreement between the two Parties. The above-mentioned agreements may be linked to conditions related to the actual implementation of the projects.

(2) The designated representatives of the Parties will jointly define the requirements for Independent entities that may be charged with baseline validation and verification of ERUs which have actually occurred. On the basis of this definition of requirements the designated representatives of the Parties will jointly select the appropriate entities and grant written authorization to such entities to perform the aforementioned verification functions. It is agreed that independence of such entities from the representatives of the Romanian or Austrian side and from interests of prospective project participants will constitute an indispensable requirement.

(3) The designated representatives of the Parties will jointly develop standardized procedures for certain project categories.

Article 7 **Adjustment of the Memorandum of Understanding** **to future international agreements**

In case when a specific provision of this Memorandum of Understanding contradicts a provision from a treaty to be concluded in the future and to which one of the sides becomes a party, the Memorandum of Understanding will be accordingly adjusted.

Article 8 **Final Provisions**

(1) The present Memorandum of Understanding will take effect on the date of the last written notification through which the Parties are informing each other that their internal legal procedures necessary for its taking effect have been completed.

(2) The present Memorandum of Understanding is concluded for a period of 10 years and will be prolonged by mutual agreement of the Parties.

(3) Either Party may denounce this Memorandum of Understanding through a written notification addressed to the other Party. The denunciation will take effect after 6 months from the date of the receipt of the notification.

(4) Each Party may propose amendments to the present Memorandum of Understanding. Amendments will take effect in accordance with the paragraph 1 of this article and will be a part of this Memorandum of Understanding.

Signed in Vienna, on October, in two original copies in English language.

Wilhelm MOLTERER
Federal Minister for Agriculture, Forestry,
Environment and Water Management of
Austria

Petre LIFICIU
Minister of Waters and Environmental
Protection of Romania