

MINISTER
OF ENVIRONMENT OF THE SLOVAK REPUBLIC
PETER ŽIGA

Bratislava 16 July 2012
Ref: 6113/2012-8.

Dear Sir/Madame,

In a reaction to your open letter sent to Ministry of Environment of the Slovak Republic delivered on 18th of May 2012 and in reaction to your concern about the use of carbon offsets – both within the EU ETS and the Effort Sharing Decision (ESD) and with regard to your questions about the specific issues of EU ETS and CDM, we present the following position:

1. **The Role of offsetting in EU ETS**: The absolute volume which the Slovak Republic can use as offsets to meet the reduction targets for 2020 is relatively low. However, this does not mean that we do not pay attention to potential risks associated with the low carbon price which can stifle domestic reduction measures. Notwithstanding, we support the initiatives to redirect investments “inside” the EU rather than to change the rules already adopted. One of those initiatives is trying to develop detailed rules to implement the project activities in sectors outside the EU ETS under Article 24a of the revised ETS Directive, or to discuss the possibilities of using the proceeds of transfer of AEA (annual emission allowances) under Decision No. 406/2009/EC on increasing energy efficiency.
2. **Coal in CDM**: The Slovak Republic supported the EU initiative to reduce the possibility to use the international credits from perverse incentives in CDM projects (for example destruction of HCFC). However we do not directly engage to the CDM projects. During the international negotiations we focus on activities which will lead to complex efficiency of CDM mechanism in the future, including the methodology of its evaluation. Moreover we support the efforts to implement the sectoral approach which would cover the dynamic developing countries and which would address more issues at one (including the risk of carbon leakage) rather than supporting the efforts to prevent the ongoing CDM process which already has built-in control mechanism.

3. **Large Hydro in CDM:** The Slovak Republic does not issue CERs or ERUs for CDM large hydro projects. It is stated in national legislation under Article 9a paragraph 3 point e) of the Act No. 572/2004 on Emission Trading as follows: “Emission reduction units (ERUs) and certified emissions reduction units (CERs) are not issued if the project activity is performed in the production of electricity from hydropower plants with capacity exceeding 20 MW.”
4. **Track 1 Joint Implementation:** Even though the Slovak Republic hosts only one JI project and is not specifically involved in this flexible mechanism, in principle we are offended by the use of the term “hot air” without specifying the countries concerned. In concrete, the significant emission reduction in the Slovak Republic in the 90-ties was a result of strict environmental legislation in the area of air protection which had been effective since 1991. During the first Kyoto commitment period, the Slovak Republic as a host country proceeded according to the Track 2 procedure. This means that determination of final effect of the project is subject to the assessment of compliance with relevant requirements and this assessment is done by Accredited Independent Entity (AIE) and has formal character. JI project participants collect and archive all data necessary to calculate the GHG emission reductions in accordance with the monitoring plan described in Project Design Document (PDD). Determination of emission reduction is through regular independent reviewing and ex post determination of monitored GHG emission reductions.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Magda', written in a cursive style.

TO:

Eva Filzmoser, Director, CDM Watch
Wendel Trio, Director, CAN Europe
Clare Perry, Senior Campaigner, Environmental Investigation Agency
Magda Stoczkiewicz, Director, Friends of the Europe