
OFFSET PURCHASE AGREEMENT

BETWEEN



AND



Dated November 22, 2005

This Agreement is not a precedent. It has been prepared for use in a mock negotiation intended to address only specific issues in connection with the purchase and sale of offsets.

This Agreement is not legal advice and readers should not act on or make use of this Agreement without first consulting a lawyer who will provide analysis and advice on a specific matter.

Fasken Martineau DuMoulin LLP is a limited liability partnership under the laws of Ontario and includes law corporations.

© Fasken Martineau DuMoulin LLP
Ron Ezekiel
604 631 3131
rezekiel@van.fasken.com

AGREEMENT OVERVIEW

The following is a brief overview of this Agreement, and the intention and meaning lying behind its various provisions. The discussion below is not exhaustive.

Recitals – The recitals set out the background to the transaction. Recital A provides alternative language depending on whether the Vendor is the Project proponent and will be producing the emission reductions or removals necessary to source the Offsets itself, or is an aggregator who has contracted with Project proponents for the supply of Offsets and intends to resell them to the Purchaser. To the greatest extent possible, the Agreement attempts to avoid differentiating between a Project proponent and an aggregator, but in a true commercial setting the identity of the Vendor would greatly influence the nature of certain provision in the Agreement, including Section 3 (representations), Section 5 (security and credit) and Section 6 (term, default and remedies). While a Project proponent Vendor is close to the Project and able to provide the Purchaser with considerable comfort about the nature of the Project and how the emission reductions or removals will be produced, an aggregator is more distant and may be unwilling to provide those same assurances to the Purchaser in respect of the third parties with whom it has contracted for the supply of Offsets. This incremental risk may be mitigated by the strength of the aggregator's covenant, its credit rating and/or security.

Section 1 – These are standard provisions to assist with the interpretation of the Agreement.

Section 2 – This Section addresses the actual purchase, sale and transfer of the Offsets. Section 2.1 provides for the Offsets to either be issued to or transferred to the Purchaser. If a Purchaser is involved early enough in a Project, it may be possible for the Purchaser to be named as the entity entitled to receive Offsets produced by the Project, and Offsets could be issued directly to the Purchaser. In other cases, Offsets will first need to be issued to the Project proponent, and then transferred to the Purchaser. Or, if the Project proponent is not the Vendor, then first to the Vendor and then to the Purchaser.

Section 3 – This Section contains representations and warranties – essentially statements of fact made by one party that are being relied on by the other party in entering into the Agreement. A party making a false statement may be subject to a claim for damages suffered by the party relying on the misrepresentation. Representations (a) – (c) in both Sections 3.1 and 3.2 are relatively standard. Representations (d) – (l) in Section 3.1 are unique to Offset transactions. These representations are not, in fact, necessary for the transaction. The Vendor has already committed to sell and the Purchaser has committed to purchase the Offsets in Section 2. However, the benefit of these representations is that they provide the Purchaser with considerable comfort that the Vendor has turned its mind to these matters, and is representing that they are true. That may provide the Purchaser with a better sense of security of supply, or what risks may still exist before the Purchaser is sure that the Project will in fact produce Offsets and that those Offsets will find their way to the Purchaser.

The representations in Sections 3.1(d), (f), (h) and (i) all relate to proposed requirements of the Offset program. Offsets are unlikely to be available if any of these are not true. The representations in Sections 3.1(e) and (l) relate to the development and implementation of the Project and are intended to give the Purchaser some sense of how the Project will be implemented and the timing for implementation. In this way, the Purchaser may not have to wait until a first failure to deliver Offsets under the Agreement before being able to seek redress, especially where it is evident that the Project is off-track (i.e. by failing to meet a milestone) and will not be able to produce emission reductions or removals in time to secure the Offsets to be delivered to the Purchaser under the Agreement. The representations in Sections 3.1(g), (j) and (k) all relate to the Vendor's title to the Offsets or the underlying emission reductions or removals, or the Vendor's ability to transfer the Offsets. These are generally standard-type representations in any contract for the purchase and sale of assets.

Section 4 – This Section provides the Purchaser with certain rights to audit and access the Vendor's records to the extent required for the Purchaser to obtain the intended benefit of the Agreement. For example, if the Purchaser is required at some point in the future to evidence how it obtained title to the Offsets, or how the Offsets were produced, it could to the extent necessary seek to obtain the necessary information from the Vendor.

Section 5 – This Section addresses the risk faced by each party because the Offset Purchase Agreement is an executory contract – a contract where performance will occur in the future. In those circumstances, both parties bear the risk of losing the benefit of the deal they bargained for in the event that the counterparty fails to perform. This Section provides a number of possibilities on how each party may seek to mitigate that risk by requiring the counterparty to post security or credit support to backstop its commitments under the Agreement.

Section 6 – This Section deals with the term of the Agreement, what constitutes a default or breach of the Agreement and what remedies are available to the non-defaulting party in the event of a default or breach. Section 6.2 outlines the possible defaults, and contains generally standard but broad language. Section 6.3 contains a force majeure clause – a provision that excuses a party from performing and negates any default where that failure to perform or default is the result of events beyond the party's control. The definition of force majeure must often be considered to determine whether or not it is too broad. At times, only force majeure events tantamount to acts of God, like floods or fires, should qualify as force majeure events. Other times a broader definition that would include any event beyond a party's control, including for example a failure by a third party contractor on whom that party relies, may be appropriate.

Section 6.4 addresses the specific circumstance where the Agreement is impacted by government action or a change in law. Sometimes this is merely dealt with through the force majeure clause. Other times it is necessary to address what is to happen to the contract if it can not be performed because of, or performance under it is affected by, government action or a change in law. Section 6.7 sets out possible remedies and limitations parties may seek to limit their exposure to damages in the event they or the counterparty defaults.

Section 7 – This Section provides for a dispute resolution mechanism for disputes that may arise under the Agreement.

Section 8 – These are generally standard provisions governing the administration of the Agreement and the transactions contemplated by it.

OFFSET PURCHASE AGREEMENT

THIS AGREEMENT is made the 22nd day of September, 2007,

BETWEEN:

<*>, a <*> corporation, having an office at <*>

(the “Purchaser”);

AND:

<*>, a <*> corporation, having an office at <*>

(the “Vendor”).

WHEREAS:

A. [The Vendor has implemented or intends to implement the Project, and to apply for and secure the issuance of certain Offsets in connection therewith]¹[The Vendor has or intends to secure rights to certain Offsets to be issued in connection with the Project]²; and

B. The Vendor wishes to sell such Offsets to the Purchaser, and the Purchaser wishes to buy such Offsets from the Vendor, all on the terms and conditions set out herein.

IN CONSIDERATION of the mutual promises contained in this Agreement, the parties agree as follows:

SECTION 1 INTERPRETATION

1.1 Definitions. In and for the purposes of this Agreement, unless there is something in the subject matter or context inconsistent therewith or unless otherwise specifically provided, each of the words, phrases and expressions described in Schedule “A” shall have the meanings ascribed thereto in Schedule “A”.

1.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the parties to this Agreement submit and attorn to the exclusive jurisdiction of the Courts of the Province of Alberta.

1.3 Headings. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.

¹ To be used when the Vendor is the Project proponent.

² To be used when the Vendor is an aggregator.

1.4 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, oral or written, by and between the parties with respect to the subject matter of this Agreement.

1.5 **Severability.** Should any provision of this Agreement be void or unenforceable it shall be severed from this Agreement and the remainder of this Agreement shall remain in full force and effect and shall be interpreted and construed as if the stricken provision had never formed part of this Agreement.

1.6 **Schedules.** The following are the Schedules attached to and forming a part of this Agreement:

Schedule A	Definitions;
Schedule B	[Project Description];
Schedule C	Offset Delivery Schedule and Purchase Price; and
Schedule D	Project Milestones.

SECTION 2 DELIVERY OF AND PAYMENT FOR OFFSETS

2.1 **Delivery of Offsets.** The Vendor shall cause Offsets to be transferred to the Purchaser in the amounts and at the times set out in Schedule C.

2.2 **Payment for Offsets.** Within seven (7) days of Offsets being transferred to the Purchaser pursuant to this Agreement, the Purchaser shall pay the Vendor the purchase price for those Offsets set out in Schedule C.

2.3 **Taxes.** The Purchaser shall be responsible for all taxes payable in connection with the transactions contemplated by this Agreement, except the Vendor's capital gains and income taxes.

SECTION 3 REPRESENTATIONS

3.1 **Representations and Warranties of the Vendor.** The Vendor represents and warrants to the Purchaser that:

- (a) *Corporate Status* – If the Vendor is a corporation, the Vendor is a corporation duly incorporated, existing and in good standing under the laws of its jurisdiction of incorporation with the corporate power and capacity to enter into and to perform its obligations hereunder;
- (b) *Enforceability* – This Agreement has been duly executed and delivered by the Vendor and is a valid and binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms, subject only to the law of equity and applicable bankruptcy, moratorium or other laws affecting the enforcement of creditors' rights generally;

- (c) *Absence of Claims* – There are no actions, suits or proceedings pending, or to the Vendor’s knowledge threatened, against the Vendor, at law or in equity, that could affect the legality, validity or enforceability of this Agreement or the Vendor’s ability to perform its obligations hereunder, and to the Vendor’s knowledge, no state of facts exist which could give risk to any such action, suit or proceeding;
- (d) *Project Start Date* – The Project did not produce emission reductions or removals before January 1, 2002;
- (e) *Timing of Emission Reduction and Removals* – The emission reductions and removals used to secure the Offsets that are to be provided to the Purchaser hereunder will occur within eight (8) years of the date the Project was or will be registered on the Offset System Registry;
- (f) *Title to Emission Reductions or Removals* – There are no actions, suits or proceedings pending, or to the Vendor’s knowledge threatened, against the [Project proponent,]³ Vendor or in respect of the Project, at law or in equity, alleging a competing claim for title to, or rights to the benefits from the emission reductions or removals from the Project that are to be used to obtain the Offsets that are to be provided to the Purchaser hereunder that have a reasonable chance of succeeding, and to the Vendor’s knowledge, no state of facts exist which could give risk to any such action, suit or proceeding;
- (g) *Emission Reductions or Removals not Required by Provincial Law* – The emission reductions or removals from the Project that are to be used to obtain the Offsets that are to be provided to the Purchaser hereunder are not required by the *Provincial Specified Gas Emitters Regulation*;
- (h) *Title to Offsets* – [The Vendor will be, immediately before any transfer of Offsets to the Purchaser hereunder, the sole registered and beneficial owner of such Offsets, with good and marketable title thereto, free and clear of all Encumbrances]⁴ or [The Purchaser is the party specified in each Project Document as the party entitled to receive the Offsets to be delivered by the Vendor to the Purchaser hereunder]⁵;
- (i) *No Restrictions on Transfer* – The Vendor is not a party to any agreement (oral or written), and has no knowledge of any agreement (oral or written), which in any way limits or restricts the issuance or transfer of Offsets to the Purchaser as contemplated by this Agreement;

³ To be used when the Vendor is not the Project proponent.

⁴ To be used whenever the Purchaser is not the party specified in the Registered Project Documents as the party entitled to receive Offsets from the project.

⁵ To be used if the Purchaser is or is to be the party specified in the Registered Project Document as the party entitled to receive Offsets from the project.

- (j) *Located in Alberta* – the Project takes place in Alberta and result in Alberta-based Offsets; and
- (k) *Project Milestones* – The [Project proponent][Vendor] will have achieved those milestones in connection with the Project set out in Schedule D by the applicable dates set out in Schedule D.

3.2 **Representations and Warranties of the Purchaser.** The Purchaser represents and warrants to the Vendor that:

- (a) *Corporate Status* – If the Purchaser is a corporation, the Purchaser is a corporation duly incorporated, existing and in good standing under the laws of its jurisdiction of incorporation with the corporate power and capacity to enter into and to perform its obligations hereunder;
- (b) *Enforceability* – This Agreement has been duly executed and delivered by the Purchaser and is a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject only to the law of equity and applicable bankruptcy, moratorium or other laws affecting the enforcement of creditors' rights generally; and
- (c) *Absence of Claims* – There is no actions, suits or proceedings pending, or to the Purchaser's knowledge threatened, against the Purchaser, at law or in equity, that could affect the legality, validity or enforceability of this Agreement or the Purchaser's ability to perform its obligations hereunder.

SECTION 4 INFORMATION SHARING AND COOPERATION

4.1 **Audit Rights.** At the Purchaser's request and cost, and at any time, the Vendor shall provide the Purchaser and its representatives with access to the [Project proponent's and the]⁶ Vendor's books and records and other information, and to make and take copies thereof, as may reasonably be required by the Purchaser to respond to any inquiry from any Governmental Authority or to enjoy the full benefit of the Offsets delivered to the Purchaser by the Vendor hereunder. This can include, but is not limited to:

- (a) GHG Assertion;
- (b) Project Plan; and
- (c) Verification Report.

4.2 **Copies.** At the request and expense of any party, the other party shall provide the requesting party with copies of any correspondence or other documentation the non-requesting party submits or has submitted to any Governmental Authority in respect of the Offsets or the transactions contemplated by this Agreement.

⁶ To be used if the Vendor is not the Project proponent.

4.3 **Further Assurances.** The parties agree to execute and deliver all such other and additional instruments or documents and to do all such other acts and things as may be necessary to give full effect to this Agreement.

SECTION 5 SECURITY AND CREDIT

5.1 **Vendor's Security.** To secure the performance of its obligations hereunder, the Vendor shall concurrently with the execution of this Agreement provide the Purchaser with:

- (a) [A general security agreement granting the Purchaser a security interest in all of the Vendor's present and after acquired property, which security interest shall rank in priority to all others; and]
- (b) [An irrevocable letter of credit in a form acceptable to the Purchaser in the amount of \$_____. The letter of credit shall name the Purchaser as beneficiary and permit the Purchaser to draw upon it without condition.]

5.2 **Purchaser's Security.** To secure the performance of its obligations hereunder, the Purchaser shall concurrently with the execution of this Agreement provide the Purchaser with:

- (a) [A general security agreement granting the Purchaser a security interest in all of the Vendor's present and after acquired property, which security interest shall rank in priority to all others; and]
- (b) [An irrevocable letter of credit in a form acceptable to the Vendor in the amount of \$_____. The letter of credit shall name the Vendor as beneficiary and permit the Vendor to draw upon it without condition.]

5.3 **Credit Support on Material Adverse Change.** In the event a party or its Credit Support Provider suffers a Material Adverse Change, the unaffected party may provide written notice to the affected party requiring the affected party to provide adequate Credit Support in an amount determined by the unaffected party in a commercially reasonable manner. The affected party shall provide the unaffected party with the requested Credit Support within three (3) Business Days of receiving the unaffected party's request.

SECTION 6 TERM, DEFAULT AND REMEDIES

6.1 **Term.** This Agreement shall be in effect from the date first written above until such time as all Offsets to be delivered by the Vendor to the Purchaser hereunder have been delivered, payment therefore has been received by the Vendor, and Alberta Environment, if applicable, has accepted the Offsets for use to meet a compliance requirements under the *Specified Gas Emitters Regulation*, unless terminated earlier pursuant to Section 6.5.

6.2 **Default.** Subject to Sections 6.3 and 6.4, a party is in default (a “Default”) of this Agreement if:

- (a) it fails to pay any amount due hereunder and such failure has not been remedied within three (3) Business Days after the non-defaulting party has provided written notice of the Default to the defaulting party;
- (b) it fails to observe, perform or carry out any of its obligations hereunder (except those obligations falling within the scope of Section 6.2(a)) and such failure has not been remedied within five (5) Business Days after the non-defaulting party has provided written notice of the Default to the defaulting party;
- (c) any of the representations or warranties made by that party herein is or becomes untrue;
- (d) its Credit Support provided pursuant to 5.3 expires or terminates without the substitution of alternate Credit Support therefor acceptable to the non-defaulting party;
- (e) any bankruptcy, reorganization, compromise, arrangement, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against it or its Credit Support Provider, and once instituted are allowed against or consented to by it or its Credit Support Provider or are not dismissed or stayed within 60 days after institution, provided however, in respect of the Party’s Credit Support Provider a Default shall not exist if the defaulting party provides alternate Credit Support acceptable to the non-defaulting party within three (3) Business Days;
- (f) a receiver is appointed over a majority of its or its Credit Support Provider’s property or any judgment or order or any process of any court becomes enforceable against it or its Credit Support Provider or a majority of either’s property or any creditor takes possession of a majority of either’s property, provided however, in respect of the Party’s Credit Support Provider a Default shall not exist if the defaulting party provides alternate Credit Support acceptable to the non-defaulting party within three (3) Business Days; or
- (g) it or its Credit Support Provider becomes insolvent or admits it unable to pay its debts as they fall due, provided however, in respect of the Party’s Credit Support Provider a Default shall not exist if the defaulting party provides alternate Credit Support acceptable to the non-defaulting party within three (3) Business Days.

6.3 **Force Majeure.** Neither party will be considered in default as to any obligation under this Agreement to the extent it is prevented from fulfilling the obligation due to an event of Force Majeure. However, a party whose performance under this Agreement is hindered by an event of Force Majeure will make all reasonable efforts to perform its obligations under this Agreement and make all reasonable efforts to remedy the Force Majeure with reasonable dispatch, provided that settlement of strikes, lockouts and other labour disturbances will be wholly within the discretion of the Party involved.

6.4 **Governmental Authority Action.** In the event of a Governmental Authority Action affecting:

- (a) Offsets already transferred to the Purchaser's Account pursuant to Section 2.1 on or before the date of the Governmental Authority Action, the Purchaser shall pay for such Offsets pursuant to Section 2.2; and
- (b) Offsets not yet transferred to the Purchaser's Account pursuant to Section 2.1 on or before the date of the Governmental Authority Action, the Vendor shall refund to the Purchaser any amounts already paid by the Purchaser to the Vendor therefor, and the Purchaser need not purchase and the Vendor need not deliver such Offsets.

6.5 **Early Termination.** If a party is in Default, the non-defaulting party may terminate this Agreement on ten (10) Business Days' written notice to the party in Default without prejudice to any other remedies available to it at law or in equity, provided however, Sections 1, 2.3, 6.6, 6.7, 7 and 8 shall survive any such early termination of this Agreement.

6.6 **Overdue Payments.** All overdue payments shall bear interest at the Interest Rate from and including the date due to but excluding the date paid.

6.7 **Remedies and Limitations of Liability.**

- (a) [*Consequential Damages* – Neither party, nor its directors, officers, employees or agents, will be liable to the other party, or its directors, officers, employees, shareholders or agents, under or in relation to this Agreement, for any indirect or consequential damages, injury or loss suffered by that other party or its directors, officers, employees, shareholders or agents, whether arising in contract or in tort, including loss of profits and loss of revenue.]
- (b) [*Replacement Offsets* – In the event of a Default by the Vendor in providing Offsets to the Purchaser as required hereunder, the Purchaser may by written notice to the Vendor, in addition to any other remedy available to it at law or in equity, require the Vendor, at the Vendor's cost, to obtain and transfer to the Purchaser's Account replacement Offsets in amounts sufficient to make up any shortfall in the Vendor's deliveries to the Purchaser as required hereunder, against delivery by the Purchaser of the purchase price therefor in accordance with Section 2.2.]
- (c) [*Limitation of Liability* – Notwithstanding anything else herein, the Vendor's liability to the Purchaser for any and all breaches of this Agreement shall never exceed \$_____.]

SECTION 7 DISPUTE RESOLUTION

7.1 **Disputes.** In the event any dispute, claim, question or difference (a "Dispute") arises with respect to this Agreement or its performance, enforcement, breach, termination or validity, such Dispute will be resolved in accordance with this Section 7. The party claiming a Dispute will provide written notice to the other Party.

7.2 **Amicable Resolution.** The parties will make reasonable efforts through or by their respective senior executives to amicably resolve any Dispute within twenty (20) days of receipt of the notice provided under Section 7.1.

7.3 **Dispute Resolution.** If the Parties are unable to resolve a Dispute in accordance with Section 10.2, the Dispute will be referred to and finally settled by arbitration by a single arbitrator having appropriate technical expertise and agreed to by the Parties. If the Parties are unable to agree upon an arbitrator within thirty (30) days of the expiry of the twenty (20) day period referred to in Section 7.2, either Party may apply to a court of the Province of Alberta for appointment of an arbitrator. The arbitration will be in accordance with the Alberta *Arbitration Act* and the National Arbitration Rules of the ADR Institute of Canada, as the same may be amended or replaced from time to time, and will take place at Calgary, Alberta.

7.4 **Performance During Dispute Resolution.** While attempts are being made to resolve a Dispute, the parties will continue to perform all obligations under this Agreement and will continue to comply with all terms of this Agreement and, except as provided in Section 7.6, neither party will commence any proceedings whatsoever against the other party in connection with respective rights or liabilities under this Agreement.

7.5 **Costs of Dispute.** Each party will be responsible for all costs (except the fees of the arbitrator, which will be apportioned between the parties as determined by the arbitrator) incurred by it in resolving any Dispute under this Section 7.

7.6 **Equitable Remedies.** Nothing in this Agreement shall prevent either party from seeking injunctive relief or other similar interim measures from a court of competent jurisdiction, and any such request shall not be deemed incompatible with the agreement to arbitrate set out in this Section 10 or a waiver of the right to arbitrate.

SECTION 8 GENERAL

8.1 **Commission Payments.** Each of the parties shall be responsible to pay its own brokerage fees, commissions or other such payments that it is or may become liable to pay in connection with the transactions contemplated by this Agreement. All brokerage fees, commissions and other such payments are in addition to all payments, transfers and assignments contemplated by this Agreement, and no party shall be entitled to deduct from any payment, transfer or assignment it is obligated to make hereunder any brokerage fees, commissions or other such payments.

8.2 **Confidentiality.** Neither party shall disclose the existence of this Agreement, or its terms and conditions, to any other person without the prior written consent of the other party.

8.3 **Notice.** Any communication or notice required or desired to be given pursuant to this agreement shall be in writing and actually delivered (including by facsimile) to the other party addressed as follows:

(a) If to the Purchaser:

Address: _____

Fax Number: _____

(b) If to the Vendor:

Address: _____

Fax Number: _____

or at such other address as such party may from time to time designate by notice delivered in accordance with this subsection. Any notice shall be deemed to have been given on the day delivered, if delivered by hand, and within four Business Days following the date of posting, if mailed; provided that if there shall be at the time or within four Business Days of mailing a mail strike, slow-down or other labour dispute that might affect delivery by mail, then the notice shall be effective only when actually delivered. If faxed, notice will be deemed to have been given and received on the Business Day following the date the notice was faxed.

8.4 **Assignment and Enurement.** Neither party may assign its rights or obligations hereunder without the prior written consent of the other party. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

8.5 **Time of the Essence.** Time is expressly declared to be of the essence of this Agreement.

8.6 **Waiver.** Any waiver by a party or any failure on a party's part to exercise any of its rights in respect of this Agreement shall be limited to the particular instance and shall not extend to any other instance or matter in this Agreement or in any way otherwise affect the rights or remedies of such party.

8.7 **Counterparts.** This Agreement may be executed in one or more counterparts, and those counterparts may be physically delivered or delivered by facsimile transmission or other electronic means, and if so executed and delivered, such counterparts shall be read and construed together as if they formed one originally executed document.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first above written.



Per: _____
Authorized Signatory



Per: _____
Authorized Signatory

SCHEDULE "A"

DEFINITIONS

1. "Applicable Law" means the Common Law and the law of equity, and all federal, provincial, regional and municipal laws, including without limitation all statutes, regulations and bylaws, and all policies, guidelines, directives, orders, or other similar items having the force of law.
2. "Business Day" means any day except Saturday, Sunday and statutory holidays in the Province of Alberta.
3. "Credit Support" means a letter of credit or cash supporting any obligation of one party under this Agreement to the other party, in a form acceptable to the party entitled to receive the Credit Support, or a guarantee supporting any obligation of one party under this Agreement to the other party, in a form and from a Credit Support Provider acceptable to the party entitled to receive the Credit Support.
4. "Credit Support Provider" means a person providing Credit Support for a party hereunder by way of a guarantee.
5. "Default" has the meaning ascribed to it in Section 6.2.
6. "emission reduction or removal" means a reduction in GHG emissions to the atmosphere or a removal of GHGs from the atmosphere.
7. "Encumbrance" means any mortgage, pledge, charge, lien, assignment for security, security interest, conditional sale agreement, security agreement, option to purchase, title defect or any other similar encumbrance or right of others of any nature whatsoever or howsoever arising.
8. "Provincial GHG Regulation" means those provincial laws requiring emission reductions or removals, including without limitation the *Specified Gas Emitters Regulation*.
9. "Force Majeure" means any act of God, labour disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, or any other event which is beyond a party's reasonable control, but excludes an act of negligence or intentional wrongdoing or lack of money or credit or economic hardship.
10. "GHG" means carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) or sulphur hexafluoride (SF₆), and "GHGs" means all of them.

11. “Governmental Authority” means any federal, provincial, regional or municipal government, and includes any authority, division, department, agency, bureau, secretariat, branch, office, commission, council, board, official, court, tribunal, or other body or any such government.
12. “Governmental Authority Action” means a change in Applicable Law that materially changes the characteristics or transferability of Offsets, or the availability of Offsets from the Project, including by way of making the emission reductions or removals that are the subject of the Project mandatory pursuant to Federal GHG Regulation.
13. “Specified Gas Emitters Regulation” means the regulation under the *Climate Change and Emissions Management Act* regulating GHG emissions from the operations of large final emitters (as defined therein).
14. “Material Adverse Change” means, in respect of a party, any material change in the condition (financial or otherwise), net worth, assets, properties or operations or that party, or in economic conditions, which taken as a whole, can reasonably be anticipated to impair the ability of that party to perform its obligations under this Agreement or under any Credit Support, as applicable.
15. “MTCO₂e” means metric tonnes in carbon dioxide equivalent, which for any given GHG is calculated in accordance with the following formula: $MTCO_2e = (GHG)(GWP)$ where GHG is the amount of the given GHG in metric tonnes, and GWP is the global warming potential of the given GHG relative to carbon dioxide assuming a global warming potential for carbon dioxide equal to 1, as such global warming potential are prescribed pursuant to Applicable Law.
16. “Offset” means an offset for purposes of Applicable Law, and specifically a credit or other right. issued or granted by a Governmental Authority which the holder may apply against emissions of GHGs as a means of, in whole or in part, complying with any legal obligation to reduce GHG emissions, including but not limited to the *Specified Gas Emitters Regulation*, in the amount of one (1) MTCO₂e.
17. “Project” means the emission reduction or removal project described in [Schedule B].



Model Transaction Contract

SCHEDULE "B"

[PROJECT DESCRIPTION]



Model Transaction Contract

SCHEDULE "C"

OFFSET DELIVERY SCHEDULE AND PURCHASE PRICE

Volume	By	Price / Offset (\$)



Model Transaction Contract

SCHEDULE "D"

PROJECT MILESTONES

Milestone	By