
OFFSET PURCHASE AGREEMENT

Between

**HER MAJESTY THE QUEEN IN RIGHT OF BRITISH
COLUMBIA, as represented by the Minister of Environment
(the “Province”)**

and

[VENDOR]

(“Vendor”)

Dated <*>, 20<*>

Contract # _____

Project: _____

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	1
1.1 Definitions.....	1
1.2 Interpretation.....	1
1.3 Schedules and Exhibits	2
ARTICLE 2 PURCHASE AND SALE	2
2.1 Summary of Commercial Terms.....	2
2.2 Purchase and Sale	4
2.3 Delivery Process	5
2.4 Revised Delivery Date	6
2.5 Delivery of Substitute Offset Units.....	6
2.6 Transfer of Title	7
2.7 Payment.....	7
ARTICLE 3 SUBSTITUTE DELIVERIES	7
3.1 Substitution by the Province	7
3.2 Good Faith Negotiations	7
ARTICLE 4 CONDITIONS PRECEDENT	8
4.1 The Province’s Conditions Precedent.....	8
4.2 Sole Benefit of the Province	8
4.3 Vendor Bound.....	8
ARTICLE 5 VENDOR COVENANTS	9
5.1 Project Development and Operation.....	9
5.2 Project Information and Reporting	9
5.3 Inspections, Records and Audit	9
ARTICLE 6 REPRESENTATIONS AND WARRANTIES	10
6.1 Mutual Representations and Warranties	10
6.2 Vendor’s Representations and Warranties as of the Effective Date and each Delivery.....	11
6.3 Vendor’s Representations and Warranties as of each Delivery.....	11
6.4 Vendor’s Representations and Warranties on Progress Reports.....	12
ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES	12
7.1 Events of Default	12
7.2 Remedies for Events of Default.....	13
7.3 Delivery of Project Offset Units After Breach of Delivery Obligations	13
7.4 Liquidated Damages	13
7.5 No Penalty.....	14
7.6 Consequential Damages.....	14
7.7 Limitation on Liability.....	14
ARTICLE 8 INDEMNITIES	14

8.1	Indemnity of the Province.....	14
8.2	Indemnity of Vendor.....	15
ARTICLE 9 DISPUTE RESOLUTION		15
9.1	Notice of Dispute	15
9.2	Informal Dispute Resolution.....	15
9.3	Arbitration.....	15
9.4	Adjudication in Law and Equity.....	15
9.5	Costs.....	15
ARTICLE 10 USE OF INFORMATION		16
10.1	Confidentiality.....	16
10.2	Marketing Information	17
10.3	Limited License.....	17
ARTICLE 11 TERM AND TERMINATION		17
11.1	Term	17
11.2	Extension.....	17
11.3	Survival	18
ARTICLE 12 FORCE MAJEURE.....		18
12.1	Invoking Force Majeure and Notice.....	18
12.2	Obligations Upon Invoking Force Majeure	18
ARTICLE 13 GENERAL.....		18
13.1	Notice	18
13.2	Taxes	19
13.3	Process for Payments	19
13.4	Amendment	20
13.5	Waiver	20
13.6	Time of the Essence	20
13.7	Entire Agreement	20
13.8	Governing Law.....	20
13.9	Change of Laws.....	20
13.10	Further Assurances	21
13.11	Independence.....	21
13.12	Assignment.....	21
13.13	Enurement	21
13.14	No Construction Against Drafter	21
13.15	Set-off.....	21
13.16	Appropriation	21
13.17	Agreement Not Permit or Fetter.....	22
13.18	Counterparts	22

OFFSET PURCHASE AGREEMENT

THIS OFFSET PURCHASE AGREEMENT (the “Agreement”) is dated [insert date] (the “**Effective Date**”), and is between Her Majesty the Queen in Right of British Columbia, as represented by the Minister of Environment (the “**Province**”) and [insert Vendor’s full corporate name and jurisdiction] (“**Vendor**”).

WHEREAS:

- A. GGRTA requires the Province and other public sector organizations to net their greenhouse gas emissions to zero through the application of Offset Units, and the Minister of Environment is responsible for acquiring and applying such Offset Units on behalf of public sector organizations;
- B. Vendor has or expects to have Project Offset Units available from the Project that qualify or are expected to qualify as Offset Units;
- C. Vendor wishes to sell and the Province wishes to purchase Project Offset Units on the terms and conditions set out herein[; and
- D. The Province and Vendor entered into a non-binding term sheet dated [insert date] (the “**Term Sheet**”) regarding a proposed emission offset purchase transaction whereby the Province would purchase and the Vendor would sell Project Offset Units].

Only include Recital D if term sheet used.

NOW, THEREFORE for \$10 and other good and valuable consideration (the receipt and sufficiency of which the Parties acknowledge) the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Words and phrases with initial capital letters used and not defined elsewhere in this Agreement have the meanings given to them or referenced in Schedule 1.

1.2 Interpretation

In this Agreement:

- (a) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (b) a reference to a person (including a Party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust, governmental authority or agency and includes that person’s successors and permitted assigns;
- (c) a reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced from time to time;

- (d) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, legislation or a provision of legislation substituted for it, and any regulation, code, ordinance, by-law, statutory instrument, protocol or guideline issued or designated under it as amended or replaced from time to time;
- (e) a reference to a section, schedule or exhibit is a reference to a section of, or a schedule or exhibit to, this Agreement;
- (f) if any date specified in this Agreement as a date for taking action falls on a day that is not a Business Day, that action may be taken on the next Business Day;
- (g) headings are for convenience only and do not form part of this Agreement or affect its interpretation;
- (h) references to “**commercially reasonable efforts**” or “**reasonable efforts**” or other similar terms when used in this Agreement in connection with an obligation of a Party under this Agreement mean doing in good faith and with due diligence all that can reasonably be done in the circumstances to achieve the timely fulfillment of that obligation, and, in any event, taking efforts that are substantially equivalent to what a competent, reasonable and prudent person in comparable circumstances would take if the whole of the benefit or detriment of the obligation and all the results of taking such efforts accrued solely to that person’s own benefit or detriment;
- (i) the words “**include**”, “**includes**” and “**including**” are to be read as if followed by the words “without limitation”;
- (j) the singular includes the plural and the plural includes the singular; and
- (k) a reference to a table in Section 2.1 followed by a number includes any Sub-tables followed by that number.

1.3 Schedules and Exhibits

The following Schedules and Exhibits are attached to and form part of this Agreement:

Schedule 1	Definitions;
Schedule 2	Project Participants;
Exhibit A	Project Plan or Project Information Document;
Exhibit B	Progress Report Form; and
Exhibit C	Transfer Form.

ARTICLE 2 PURCHASE AND SALE

2.1 Summary of Commercial Terms

The following tables set out certain commercial terms from this Agreement in a summary fashion as an aid to the Parties in the administration of this Agreement. Any discrepancy between the tables and the balance of this Agreement shall be resolved in favour of the balance of this Agreement.

Complete the applicable columns of Table 1 (or Sub-tables within Table 1) according to the Option selected in Section 2.2 and delete unnecessary columns. Use multiple Sub-tables if the Province will acquire Offset Units from multiple Subprojects that are subject to different Project Plans. Courses of action which are not subject to distinct Project Plans should not be subject to a separate Sub-table.

The same Option selected in Section 2.2 must apply to all Subprojects.

Table 1 <Insert A if multiple Sub-table 1s used>, Project Offset Units - Volume, Price and Delivery Date(s) for <Insert Name of Subproject or Project> Project					
<*>	<*>	<*>	<*>	<*>	<*>
Minimum Volume (tCO2e)	Maximum Volume (tCO2e)	Unit Price (\$ / tCO2e)	Maximum ROFR Volume (tCO2e)	ROFR Price (\$ / tCO2e)	Delivery Date(s)
[Use this column for all Options]	[Use this column for Option B]	<*>	[Use this column if there is a maximum ROFR volume]	<*>	<*>
		<*>		<*>	<*>
		<*>		<*>	<*>
		<*>		<*>	<*>

[Complete Table 1B (and additional Table 1s if different prices, Delivery Dates or Volumes for different Subprojects. If no such difference delete Table 1B and delete “<*>” after heading for Table 1.

Table 1 < Insert B if multiple Sub-table 1s used. Otherwise Delete Sub-table >, Project Offset Units - Volume, Price and Delivery Date(s) <Insert Name of Subproject or Project> Project					
<*>	<*>	<*>	<*>	<*>	<*>
Minimum Volume (tCO2e)	Maximum Volume (tCO2e)	Unit Price (\$ / tCO2e)	Maximum ROFR Volume (tCO2e)	ROFR Price (\$ / tCO2e)	Delivery Date(s)
<*> [Use this column for all Options]	[Use this column for Option B]	<*>	[Use this column if there is a maximum ROFR volume]	<*>	<*>
<*>		<*>		<*>	<*>
<*>		<*>		<*>	<*>
<*>		<*>		<*>	<*>

Table 2 < Insert A if multiple Sub-table 2s used > Project Offset Units – Delivery Process for <Insert Name of Subproject or Project> Project		
Step	Deadline relative to Delivery Date (“DD”)	Calendar Date of Deadline
Vendor provides notice of Available ROFR Volume	At least 10 days before DD	<*>
Province option to Purchase Available ROFR Volume	At least 5 days before DD	<*>
Completion of Delivery – Delivery of Transfer Form and transfer to Province Registry account	On or before DD	<*>

Complete Table 2B (and additional Table 2s if different delivery dates for different Subprojects. If no such difference, delete Table 2B and delete “<*>” after heading for Table 2.

Table 2 <Insert B if multiple Sub-table 2s used. Otherwise Delete Sub-table> Project Offset Units – Delivery Process for <Insert Name of Subproject or Project> Project		
Step	Deadline relative to Delivery Date (“DD”)	Calendar Date of Deadline
Vendor provides notice of Available ROFR Volume	At least 10 days before DD	<*>
Province option to Purchase Available ROFR Volume	At least 5 days before DD	<*>
Completion of Delivery – Delivery of Transfer Form and transfer to Province Registry account	On or before DD	<*>

2.2 Purchase and Sale

Subject to and in accordance with the terms and conditions set out in this Agreement:

Option A - Fixed

- (a) Vendor shall sell and Deliver to the Province, and the Province shall purchase from Vendor, by each Delivery Date, Project Offset Units in an amount equal to the Minimum Volume;

Option B - Range [If Vendor’s delivery commitment will be limited to an obligation to deliver those Project Offset Units that are available instead of committing to delivery a specified Minimum Volume, the Minimum Volume in Table 1 should be zero.]

- (a) Vendor shall sell and Deliver to the Province and the Province shall purchase from Vendor, by each Delivery Date:
- (i) Project Offset Units in an amount equal to the Minimum Volume; and
 - (ii) Project Offset Units in an amount up to but not exceeding the lesser of (A) the Maximum Volume less the Minimum Volume, and (B) the total number of Project

Offsets issued in respect of the applicable Project Report Period less the Minimum Volume;

For all Options

- (b) Vendor shall:
 - (i) offer to sell to the Province Project Offset Units in an amount equal to the Available ROFR Volume; and
 - (ii) sell and Deliver to the Province, and the Province shall purchase from Vendor, Project Offset Units in an amount equal to the Accepted ROFR Volume by the applicable Delivery Date.

2.3 Delivery Process

Delivery of a given volume of Project Offset Units by Vendor to the Province may only be made in accordance with the following procedure:

- (a) *ROFR Volume* – At least ten (10) days prior to the Delivery Date, Vendor shall deliver to the Province a written notice indicating the amount of Project Offset Units that constitute the Available ROFR Volume. At least five (5) days prior to the Delivery Date, the Province may at its option deliver a written notice to Vendor indicating that the Province wishes to purchase all or a specified portion of the Available ROFR Volume (the “**Accepted ROFR Volume**”). If the Province does not deliver such notice, the Accepted ROFR Volume shall be deemed to be zero.
- (b) *Transfer* – On or before the Delivery Date, Vendor shall:
 - (i) deliver to the Province:
 - (A) a Transfer Form in respect of the volume of Project Offset Units that Vendor is delivering to the Province in satisfaction of its obligations under Section 2.2 in respect of such Delivery Date (the “**Transfer Volume**”) executed by Vendor; and
 - (B) an invoice for the Purchase Price for the Transfer Volume of Project Offset Units that: (i) indicates, among other things, the applicable Delivery Date, the number of Project Offset Units included in the Transfer Volume, and the Unit Price for such Project Offset Units; and (ii) indicates the Purchase Price payable, due date for payment, interest payable and acceptable payment methods, in each case consistent with Sections 2.7 and 13.3; and
 - (ii) take all steps necessary to transfer the Transfer Volume of Project Offset Units to an account maintained by the Province on the Registry, other than acceptance of the transfer by the Province.

The above process is summarized for ease of reference in Table 2 in Section 2.1. In the event of a conflict between this Section 2.4 and Table 2, this Section 2.4 prevails.

The Parties acknowledge and agree that:

- (c) notwithstanding anything else in this Agreement, Vendor shall not Deliver, and the Province will not be required to pay Vendor for, any Project Offset Units included in a Transfer Volume that are in excess of the amount of Project Offset Units that Vendor is obligated to sell and deliver to the Province pursuant to Section 2.2; and
- (d) if the Transfer Volume is less than the full amount of Project Offset Units that Vendor is required pursuant to Section 2.2 to Deliver in respect of such Delivery Date, such failure by Vendor to satisfy such requirement shall constitute a breach of this Agreement and the Province shall be entitled to exercise any of its rights or remedies in respect thereof under this Agreement or otherwise.

[Following section *[Revised Delivery Date]* should be deleted if Delivery Dates do not fall between March 1 and March 31 of a calendar year.]

2.4 Revised Delivery Date

At least ten (10) days prior to a Delivery Date that falls between March 1 and March 31 of a calendar year, the Province may, by written notice to the Vendor, request a Delivery Date that is after the date shown in Table 1 of Section 2.1. Vendor shall, within five (5) days of receiving any such written notice, provide written notice to the Province whether Vendor agrees to the revised Delivery Date proposed by the Province. If, in any such notice, Vendor confirms its agreement to the revised Delivery Date proposed by the Province, such revised Delivery Date shall, from the date such notice from Vendor is deemed to be received by the Province under Section 13.1, be the applicable Delivery Date. Notice of a change in Delivery Date shall not have any retroactive effect or waive non-compliance with any obligation arising before the date that the Delivery Date is deemed to have been revised, but deadlines for performance by Vendor and the Province that are set relative to the Delivery Date and fall on or after the date of deemed receipt of notice will be adjusted accordingly.

[Following section *[Delivery of Alternate Vintages]* only to be included for Options A and B.]

2.5 Delivery of Substitute Offset Units

If, in respect of a Delivery Date, Vendor has reasonable grounds to believe that it will be unable to Deliver the Minimum Volume on or prior to the Delivery Date, Vendor may, with the prior written approval of the Province, not to be unreasonably withheld, make up the Delivery Shortfall by completing the Delivery process set out in Section 2.3 in respect of Offset Units that are not Project Offset Units (“**Substitute Offset Units**”) in an amount that may not exceed the applicable Delivery Shortfall. The Parties agree that it shall not be considered unreasonable for the Province to:

- (a) refuse to provide such prior written approval under this Section 2.5:
 - (i) if such Substitute Project Offset Units are, or will be generated, from a project of a type or location that the Province determines, in its sole discretion, is inconsistent with the Province’s wishes regarding the development and management of its Offset Unit portfolio; or
 - (ii) on the basis of any other criteria used or relied upon by the Province in developing and managing its Offset Unit portfolio; and

- (b) condition the granting of the Province's consent on Vendor agreeing that an alternative Unit Price proposed by the Province will apply to Substitute Offset Units delivered to the Province pursuant to this Section.

2.6 Transfer of Title

All of Vendor's right, title and interest in and to a Delivered Volume passes to the Province upon Delivery.

2.7 Payment

The Province shall pay to Vendor the Purchase Price for each Delivered Volume within thirty (30) days of Delivery of such Delivered Volume.

ARTICLE 3 SUBSTITUTE DELIVERIES

3.1 Substitution by the Province

The Province may, by written notice to Vendor, in respect of any one or more Delivery Dates, elect at its sole discretion to require Vendor to deliver, in lieu of Project Offset Units it would otherwise be required to Deliver hereunder, any other offsets, offset units, credits, allowances, rights to discharge Greenhouse Gases or other commodity that may be derived from the Project Reductions or Reduction Rights in respect of the Project Reductions (collectively "**Alternative Units**"). If the Province makes such an election:

- (a) Vendor shall deliver such Alternative Units in substitution of Project Offset Units it would otherwise be required to Deliver hereunder;
- (b) Vendor shall take or cause to be taken or consent to all such further acts as may be required to deliver such Alternative Units in substitution of Project Offset Units; and
- (c) the Province shall pay all reasonable incremental costs directly attributable to such substitute deliveries and make allowances for any delay in delivery of such Project Reductions that results from any such election by the Province, provided that Vendor demonstrates to the Province that Vendor has made commercially reasonable efforts to (i) achieve delivery on the Delivery Date or as soon as possible thereafter, and (ii) avoid incurring or otherwise minimize such incremental costs.

3.2 Good Faith Negotiations

If the Province gives notice under Section 3.1, the Province and Vendor shall make good faith efforts to negotiate alternative delivery mechanisms as may be required to effect the substitute deliveries provided for in Section 3.1 and, if no agreement is reached within 30 days of initiating negotiations, either Party may refer such matter to dispute resolution in accordance with Article 9.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 The Province's Conditions Precedent

The obligations of the Province to accept Delivery of Project Offset Units from Vendor, and to pay Vendor the Purchase Price therefor, are subject to the following conditions (“**Province's Conditions**”) being fulfilled, performed or waived on or before the date on which Delivery is made:

- (a) the representations and warranties of Vendor made pursuant to Article 6 in respect of such Delivery shall be true and correct in all material respects;
- (b) the Province being satisfied, acting reasonably, with the results of all investigations, inquiries, reviews and audits completed or in progress pursuant to Section 5.3; and
- (c) **For Projects grandfathered from GGRTA to GGIRCA:** the Province being satisfied, acting reasonably, that the Project Plan was prepared and validated in accordance with GGRTA, the assertions in the Project Plan are “fair and reasonable” (as contemplated under GGRTA), the Project was accepted by the Director in accordance with GGIRCA, the verification of such Project Report(s) complied with the requirements of GGIRCA, and the assertions in such Project Report(s) are “fair and accurate” (as contemplated in section 21 of the GGECR).
- (c) **For all other Projects:** the Province being satisfied, acting reasonably, that the Project Plan and the applicable Project Report(s) were prepared in accordance with GGIRCA, the validation of such Project Plan and the verification of such Project Report(s) complied with the requirements of GGIRCA, the Project was accepted by the Director in accordance with GGIRCA, and the assertions in the Project Plan are “fair and reasonable” (as contemplated in section 15 of the GGECR) and the assertions in such Project Report(s) are “fair and accurate” (as contemplated in section 21 of the GGECR).

4.2 Sole Benefit of the Province

Vendor agrees that the Province's Conditions are for the sole benefit of the Province. None of the Province's Conditions shall be waived except by written notice from the Province or its solicitors to Vendor or its solicitors.

4.3 Vendor Bound

Notwithstanding that the Province's Conditions may leave discretion in the Province whether to complete any specific purchase of Project Offset Units or not, Vendor agrees, for good and valuable consideration (the receipt and sufficiency of which has been acknowledged above), that Vendor shall be bound by this Agreement.

ARTICLE 5 VENDOR COVENANTS

5.1 Project Development and Operation

Vendor shall cause the Project to be developed and operated to the standard of a reasonably prudent offset project developer and in accordance with the requirements of the Project Plan and Applicable Law.

5.2 Project Information and Reporting

- (a) Vendor shall provide the Province with copies of any Project Report and any other documentation that is provided to the Director in respect of Project Offset Units, Project Reductions, or the Project, on the same date that such materials are provided to the Director.
- (b) Vendor shall promptly provide to the Province copies of any documentation that Vendor has provided to or received from Third Parties in connection with the validation of the Project and the verification of the Project Reductions which may reasonably be expected to materially adversely affect the Project.
- (c) Vendor shall promptly notify the Province in writing of any event or circumstance which may reasonably be expected to materially adversely affect the Project or the Project Reductions generated or to be generated thereby.

[NTD: Include the following section if the Province wishes to receive Progress Reports in respect of the relevant Project.]

- (d) Vendor shall, no later than six (6) months prior to each Delivery Date, deliver to the Province a Progress Report in respect of the Project Offset Units that are scheduled for Delivery on such Delivery Date.

5.3 Inspections, Records and Audit

- (a) The Province may at any time and from time to time conduct all such investigations and inquiries as the Province may deem necessary or advisable in connection with Project Offset Units, the Project and the Project Reductions generated or to be generated thereby and the related Reduction Rights, including but not limited to, determining whether (i) the Project Plan and the applicable Project Report(s) were prepared in accordance with GGIRCA, (ii) the validation of the Project Plan and the verification of applicable Project Report(s) complied with the requirements of GGIRCA, or (iii) the assertions in the Project Plan are “fair and reasonable” (as contemplated in section 15 of the GGEGR) and the assertions in such Project Report(s) are “fair and accurate” (as contemplated in section 21 of the GGEGR), and the Province may, acting reasonably, request additional information, data, photographs or other records from Vendor in connection therewith, and Vendor shall supply the requested information to the Province and provide such other reasonable assistance as the Province requires in order to complete such investigations and inquiries, all within a reasonable time and in a form acceptable to the Province, acting reasonably. Where such investigations and inquiries by the Province require access to a Project Participant’s property, including any information, data, photographs or other records of the Project Participant, Vendor shall ensure that the Project Participant

provides such reasonable access and assistance as the Province requires in order to complete such investigations and inquiries.

- (b) In addition to any records required to be kept under GGIRCA or other Applicable Law, Vendor shall keep such additional financial and other records in connection with the Project and the sale or disposition of Project Offset Units as may be reasonably required to enable a Third Party to confirm Vendor's compliance with its obligations under this Agreement.
- (c) At any time the Province may at its sole discretion retain an independent Third Party to review and/or audit Vendor's compliance with this Agreement. Vendor shall make available to the Third Party all information, data, photographs or other records reasonably requested by such Third Party in connection with any such review and/or audit. The Province shall bear its costs of such review and/or audit, unless such review and/or audit concludes that Vendor has failed to comply with its obligations under this Agreement in any material way, in which case Vendor shall pay the Province's costs of the review and/or audit.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Mutual Representations and Warranties

As of the Effective Date and each Delivery, each Party represents and warrants to the other Party that:

- (a) it has the power and authority to enter into this Agreement and to perform its obligations hereunder;
- (b) its execution and performance of this Agreement does not violate or conflict with Applicable Law, any provision of its constating documents, or any contract binding on or affecting it or any of its assets or any order or judgment of any Governmental Authority applicable to it or its assets;
- (c) its obligations hereunder are legal, valid and binding, enforceable in accordance with their respective terms, subject to applicable bankruptcy or similar laws affecting creditors' rights generally and, in the case of the Province, the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89;
- (d) no Event of Default has occurred and is continuing;
- (e) it is not relying upon any representations of the other Party other than those expressly set forth herein, and in relation to the transactions contemplated in this Agreement, it is acting for its own account, and not as agent or in any other capacity, fiduciary or otherwise, on behalf of a Third Party, except, in respect of the Province, acting to acquire Offset Units to transfer to or retire on behalf of Third Parties; and
- (f) there is no pending or to its knowledge threatened litigation, arbitration or administrative proceeding before any Governmental Authority or any arbitrator that is likely to materially adversely affect its ability to perform its obligations under this Agreement.

6.2 Vendor's Representations and Warranties as of the Effective Date and each Delivery

As of the Effective Date and each Delivery, Vendor represents and warrants to the Province that:

- (a) it is duly organized and validly existing under the laws of the jurisdiction of its incorporation or organization;
- (b) all information, documents or statements furnished in writing by or on behalf of Vendor to the Province, the Validation Provider, the Verification Provider, or any combination thereof, in connection with this Agreement, the validation or acceptance of the Project Plan for the Project, the generation or verification of Project Reductions, and the issuance of Project Offset Units, are true, accurate and complete in every material respect;
- (c) there is no pending, or to Vendor's knowledge threatened, claim, litigation, arbitration or administrative proceeding before any Governmental Authority or any arbitrator:
 - (i) alleging a competing claim for title to the assets used or to be used in connection with the Project, including the Project Participants' assets, the Project Reductions generated or to be generated by the Project, or the Project Offsets that may be Delivered to the Province under this Agreement;
 - (ii) which reasonably could be expected to impair the ability of Vendor to Deliver any Project Offset Units to be Delivered to the Province under and in accordance with this Agreement; or
 - (iii) which reasonably could be expected to have a material adverse effect on the validity of Project Offset Units or the Project Reductions generated or to be generated by the Project,

and, to its knowledge, no state of facts exist which could reasonably give rise to any such claim, litigation, arbitration or administrative proceeding;

- (d) all governmental and other authorizations, approvals, consents, notices and filings that are required to have been obtained or submitted by:
 - (i) the Project Participants or Vendor or both in connection with the Project; and
 - (ii) Vendor in connection with entering into and performing this Agreement,

as of the date that this representation and warranty is made have been obtained or submitted and are in full force and effect and all conditions thereof have been complied with.

6.3 Vendor's Representations and Warranties as of each Delivery

As of each Delivery, Vendor represents and warrants to the Province that:

- (a) the Project complies with the Project Plan and Applicable Law;

- (b) the Project Plan is true, accurate and complete in every material respect, was prepared and validated in accordance with, and by a Validation Provider meeting the requirements of, GGIRCA;
- (c) the applicable Project Report is true, accurate and complete in every material respect, was prepared and verified in accordance with, and by a Verification Provider meeting the requirements of, GGIRCA;
- (d) Vendor is the sole legal and beneficial owner of the Project Offset Units Delivered to the Province, with good and marketable title thereto, free and clear of all Encumbrances or third party rights of whatever kind; and
- (e) the project reductions that form the basis for the Project Offset Units Delivered to the Province have not been previously recognized as a credit, unit or allowance under an emission offset recognition scheme other than GGIRCA or GGRTA or for purposes of another voluntary or mandatory Greenhouse Gas emissions reduction program.

[NTD: Include the following provision if Vendor is required to provide Progress Reports under Section 5.2(d). If Progress Reports are not required, delete the following Section.]

6.4 Vendor's Representations and Warranties on Progress Reports

Vendor represents and warrants to the Province that the information contained in each Progress Report will, to the best of Vendor's knowledge after making all due inquiries, be true, accurate and complete in every material respect.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

7.1 Events of Default

A Party commits an event of default if:

- (a) it is Vendor, and Vendor fails to Deliver Project Offset Units that it is required to Deliver pursuant to this Agreement, and such breach is not cured within ten (10) days of the applicable Delivery Date;
- (b) it is in material breach of its obligations under this Agreement, other than in respect of Vendor, such breaches of its obligations as are described in Section 7.1(a), and such breach is not cured within ten (10) days of written notice of such breach by the other Party;
- (c) a representation or warranty made by it pursuant to Article 6 proves to have been misleading or false in any material respect when made and such Party does not cure the underlying facts so as to make such representation and warranty correct and not misleading within ten (10) days of written notice from the other Party;
- (d) it is Vendor, and a Project Participant or Vendor knowingly or negligently provides information relating to the Project to the Province, the Validation Provider, the Verification Provider, any independent Third Party reviewer and/or auditor as contemplated by Section 5.3, (each a "**Recipient**") or includes information in a Project Plan, any Project Report **[or Progress Report]****[NTD: Include a reference to Progress**

Reports only if required to be delivered under Section 5.2(d)], or any other document or correspondence relating to the Project provided by a Project Participant or Vendor to a Recipient, that is materially false or misleading; or

- (e) it makes an assignment or any general arrangement for the benefit of its creditors, files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it, or otherwise becomes bankrupt or insolvent (however evidenced).

7.2 Remedies for Events of Default

Subject to Section 7.3, if an Event of Default occurs with respect to Vendor or the Province, then the non-defaulting Party may exercise any or all of the following remedies:

- (a) terminate this Agreement;
- (b) set off against any payments due in respect of this Agreement and any other agreements between the Parties an amount equal to its damages; and
- (c) any other such remedy or remedies available at equity or common law, including a claim in damages.

7.3 Delivery of Project Offset Units After Breach of Delivery Obligations

If Vendor is in breach of any of its obligations pursuant to Section 2.3 or fails to Deliver Project Offset Units that it is required to Deliver pursuant to this Agreement, Vendor shall nevertheless attempt to complete in a manner consistent with the process set out in Section 2.3 the Delivery of as many Project Offset Units as it is required to Deliver pursuant to this Agreement by the Delivery Date or as soon as possible thereafter until all such Project Offset Units are Delivered. The Province may, in its sole and absolute discretion, elect to reject any or all Project Offset Units for which Delivery is not completed by the applicable Delivery Date by written notice to Vendor delivered no later than ten (10) days after the Delivery Date in respect of those Project Offset Units to the Province consistent with Section 2.3(b), or completion of the Delivery of those Project Offset Units, whichever is later.

Subject to any agreement concerning the Unit Price applicable to Substitute Offset Units pursuant to Section 2.5, the Purchase Price for any portion of a Delivered Volume Delivered after the applicable Delivery Date shall be calculated using the Discounted Unit Price instead of the Unit Price, and the Discounted ROFR Price instead of the ROFR Price, as applicable. For greater certainty, if Vendor has failed to complete Delivery of Project Offset Units by the applicable Delivery Date, the Discounted ROFR Price and the Discounted Unit Price, as applicable, shall be used to calculate the Purchase Price, whether or not there is an Event of Default or the failure is due to an event or circumstance of Force Majeure.

7.4 Liquidated Damages

If the volume of Project Offset Units and Substitute Offset Units for which Delivery has been completed on the date that is 60 days after the applicable Delivery Date is less than the Minimum Volume, subject to this Section 7.4, liquidated damages are immediately payable by Vendor to the Province equal to:

- (a) the difference between:
 - (i) the volume of Project Offset Units and Substitute Offset Units for which Delivery has been completed on that date (60 days after the Delivery Date); and
 - (ii) the Minimum Volume,
- (b) multiplied by the Liquidated Damages Rate.

No Liquidated Damages are payable under this Section:

- (c) in respect of a failure to deliver Project Offset Units following an election by the Province to terminate this Agreement under Section 7.2(a), if such termination occurs before the date that is 60 days after the applicable Delivery Date; or
- (d) in respect of a failure to Deliver Project Offset Units caused by a Force Majeure if Vendor has complied with the notice provisions and other obligations of Article 12.

Without limiting any claim in damages for an Event in Default other than a failure to Deliver the Minimum Volume, if Liquidated Damages are payable under this Section, the Province may not exercise any other remedy in respect of failure to Deliver the Minimum Volume, other than the adjustment to the Purchase Price referred to in Section 7.3.

7.5 No Penalty

The Parties acknowledge and agree that the payment obligations set forth in this Article, including any payments for liquidated damages pursuant to Section 7.4, are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages, and each Party hereby waives the right to contest such payments as an unreasonable penalty.

7.6 Consequential Damages

Notwithstanding any other provision of this Agreement, in no event will either Party be liable to the other Party for consequential, incidental, punitive, exemplary, or indirect damages in tort, contract or otherwise, including lost profits, lost business revenue or other commercial or economic loss of any kind.

7.7 Limitation on Liability

Notwithstanding anything else in this agreement, neither Party shall be liable to the other Party for one or more Events of Default in amount exceeding the sum produced by totalling the Maximum Payment for each Delivery Date.

ARTICLE 8 INDEMNITIES

8.1 Indemnity of the Province

Vendor shall indemnify and hold harmless the Province and the officials, directors, officers, employees, contractors and agents of the Province (collectively, the “**Province Indemnitees**”) from and against all liabilities, actions, claims, losses, costs, damages, penalties and expenses (including legal fees on a solicitor and own client basis) of any kind or nature whatsoever which

may at any time be brought against, incurred or suffered by the Province Indemnites to the extent directly or indirectly relating to (i) any of the representations and warranties of Vendor in this Agreement not being true at the time they are made; (ii) any breach of any of the covenants or other obligations of Vendor in this Agreement; or (iii) the wilful misconduct or negligence of Vendor.

8.2 Indemnity of Vendor

The Province shall indemnify and hold harmless each of Vendor and the directors, officers, employees, contractors and agents of Vendor (collectively, the “**Vendor Indemnites**”) from and against all liabilities, actions, claims, losses, costs, damages, penalties and expenses (including legal fees on a solicitor and own client basis) of any kind or nature whatsoever which may at any time be brought against, incurred or suffered by the Vendor Indemnites to the extent directly or indirectly relating to (i) any of the representations and warranties of the Province in this Agreement not being true at the time they are made; (ii) any breach of any of the covenants or other obligations of the Province in this Agreement; or (iii) the wilful misconduct or negligence of the Province.

ARTICLE 9 DISPUTE RESOLUTION

9.1 Notice of Dispute

If a dispute arises between the Parties relating to the interpretation of this Agreement or to performance under it or a failure to take action within a time period set out for taking such action (a “**Dispute**”), the Party desiring resolution of the Dispute shall deliver to the other Party a written notice (the “**Dispute Notice**”) setting out the Dispute in reasonable detail.

9.2 Informal Dispute Resolution

The Parties shall attempt to resolve any Dispute within thirty (30) days after delivery of a Dispute Notice. If the Parties fail to reach an agreement within that time period, either Party may refer the Dispute to arbitration by written notice to the other Party delivered within forty-five (45) days after delivery of the Dispute Notice.

9.3 Arbitration

All Disputes referred to arbitration pursuant to Section 9.2 shall be finally resolved by arbitration administered by the British Columbia International Commercial Arbitration Centre pursuant to its Rules for Domestic Commercial Arbitration Proceedings. The number of arbitrators shall be one. The place of arbitration shall be Vancouver, British Columbia, Canada. The language used shall be English.

9.4 Adjudication in Law and Equity

The arbitrator must adjudicate the dispute, and may grant remedies, in both law and equity, subject to Sections 7.6 and 7.7.

9.5 Costs

Each Party shall bear its own costs of legal representation and presentation of its case to an arbitrator. The other costs of the arbitration, including the fees and expenses of the arbitrator and

administrative fees and charges, shall be apportioned by the arbitrator and paid for by the Parties in proportion to their relative success.

ARTICLE 10 USE OF INFORMATION

10.1 Confidentiality

No Party shall disclose Confidential Information to any Third Party except in the following circumstances:

- (a) a Party may disclose the Confidential Information to its auditors, legal counsel, consultants, lenders and bankers, provided that such non-party users are advised of the confidential nature of the Confidential Information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the Confidential Information to those purposes necessary for such non-party users to perform the services for which they were retained by that Party;
- (b) a Party may disclose the Confidential Information to the extent that such disclosure is necessary to comply with its disclosure obligations under any Applicable Law, including applicable freedom of information legislation, provided that disclosing Party must make reasonable efforts to notify the other Party in a timely manner before disclosing any Confidential Information;
- (c) a Party may disclose any Confidential Information in a proceeding before an arbitrator in respect of a Dispute with Vendor or a dispute with another person;
- (d) the Province may disclose information, data, photographs, documents, agreements or other records received from Vendor, Validation Provider, Verification Provider or Project Participants relating to Vendor, Project Participants or the Project in connection with the public disclosure or reporting by the Province of procurement activities, suppliers and projects used for the purposes of GGRTA, provided in each case such information, data, photographs or other records are of a general nature only and do not contain any financial information, trade secrets or similar commercially sensitive information, except to the extent required by Applicable Law or a Registry in connection with the foregoing;
- (e) the Province may disclose information that the Province is required or desires to make publicly available concerning its Offset Unit portfolio from time to time, including Vendor name, Project name and description, the quantity of Project Offset Units or Alternative Units purchased by the Province from Vendor pursuant to this Agreement, the amount paid to Vendor in respect of each such Project Offset Unit or Alternative Unit, and the quantity of such Project Offset Units or Alternative Units that have been retired from the Registry; and
- (f) Vendor may disclose Confidential Information with the prior written consent of the Province and the Province may disclose Confidential Information with the prior written consent of Vendor.

10.2 Marketing Information

Notwithstanding any other provision of this Agreement, Vendor may not publicly disclose the identity or make any public use whatsoever of the name or marks of the Province, or knowingly permit a Third Party to do so, without first obtaining the express written consent of the Province, which consent may be withheld at the Province's sole discretion.

10.3 Limited License

Vendor grants to the Province, and will cause Project Participants to grant to the Province:

- (a) an irrevocable, full and unrestricted, royalty-free right to reproduce and use during the Term any models, proprietary calculations and other intellectual property included in:
 - (i) the Project Plan;
 - (ii) any validation statement in respect of the Project signed on behalf of the Validation Provider pursuant to section 15 of GGECE or GGRTA, as applicable;
 - (iii) any Project Report; or
 - (iv) any verification statement in respect of the Project signed on behalf of the Verification Provider pursuant to section 21 of GGECE,

without any requirement for any further consent from Vendor or Project Participants and the Parties acknowledge that the Director is obligated to publish such materials pursuant to section 9(2) of GGIRCA; and

- (b) an irrevocable, perpetual, worldwide, royalty free licence to reproduce, and publish any records disclosed under Sections 10.1(d) and (e).

ARTICLE 11 TERM AND TERMINATION

11.1 Term

This Agreement is effective as of the Effective Date and expires on the date the Parties have completed the performance of their obligations associated with the last Delivery of Project Offset Units, Substitute Offset Units, or Alternative Units, to be Delivered hereunder, unless earlier terminated in accordance with its terms (the "**Term**").

11.2 Extension

No later than the last Delivery Date specified in Table 1 of Section 2.1, the Province and Vendor may agree to extend this Agreement by specifying additional Delivery Dates in Table 1 of Section 2.1 along with applicable terms and conditions agreed to by Parties, provided, however, that no such amendment shall be made by specifying a Delivery Date in respect of a Project that includes a period after the earlier of:

- (a) the expiry of the Project's crediting period under the GGIRCA; or
- (b) ten years from the earliest Delivery Date contemplated in this Agreement.

11.3 Survival

From and after the termination of this Agreement for any reason, neither Party shall have any further obligations to or rights against the other Party in respect of this Agreement, except Section 5.3 which shall survive for two (2) years after termination, and Article 8, Article 9 and Article 10 all of which shall survive indefinitely.

ARTICLE 12 FORCE MAJEURE

12.1 Invoking Force Majeure and Notice

- (a) Neither Party shall be in breach or default as to any obligation under this Agreement to the extent that Party is unable to perform that obligation due to an event or circumstance of Force Majeure, of which notice is given as required in this Section 12.1. The time for performance of such obligation shall be extended by the number of days that Party is unable to perform such obligation as a result of the event or circumstance of Force Majeure of which notice is so given, provided that the adjustments to the Purchase Price under Section 7.3 apply even if failure to Deliver Project Offset Units by the Delivery Date specified in Article 2 is due to an event or circumstance of Force Majeure.
- (b) If there is a Force Majeure preventing a Party from performing an obligation under this Agreement, that Party shall promptly notify the other Party of the Force Majeure. The notice must identify the nature of the Force Majeure, its expected duration and the particular obligations affected by the Force Majeure. The affected Party shall provide reports to the other Party with respect to the Force Majeure at such intervals as the other Party may reasonably request while the Force Majeure continues. A Party shall be deemed to have invoked Force Majeure from the date when that Party gives notice of the Force Majeure in accordance with this Section 12.1(b).

12.2 Obligations Upon Invoking Force Majeure

A Party invoking Force Majeure shall use its commercially reasonable efforts to remove the circumstances leading to the Force Majeure and to mitigate the impact of such Force Majeure on the other Party.

ARTICLE 13 GENERAL

13.1 Notice

Any communication or notice required or desired to be given by a Party pursuant to this Agreement shall be in writing and actually delivered by hand, facsimile, email or registered mail to the other Party addressed as follows:

If to the Province:

<*>

Att:

<*>

Tel: <*>
Fax: <*>
Email: <*>

If to Vendor:

<*>

Att: <*>

Tel: <*>
Fax: <*>
Email: <*>

or at such other address as such Party may from time to time designate by notice delivered in accordance with this Section 13.1. Any notice or other communication under this Agreement will be deemed to have been given and received as follows: if it is delivered by hand, on the day delivered; if it is delivered via facsimile, on the third day following the date of transmission; if it is delivered by email, when the recipient, by an email sent to the email address for the sender stated in this Section 13.1 or by a notice delivered by another method in accordance with this Section 13.1, acknowledges having received that email, provided that an automatically generated read receipt does not constitute acknowledgement of an email for purposes of this Section 13.1; if it is delivered by registered mail, seven (7) days following the date of posting, provided that if there is a mail strike, slow-down or other labour dispute that might affect delivery by mail occurring within the seven (7) days after posting, the notice will be effective only when actually received.

13.2 Taxes

Vendor is responsible for and shall remit in accordance with Applicable Law all value added, consumption, commodity or similar taxes arising from the creation or generation of Project Offset Units or substitute deliveries hereunder, including GST/PST. The Province is responsible for and shall remit in accordance with Applicable Law all value added, consumption, commodity or similar taxes arising from Delivery of the Project Offset Units or substitute deliveries hereunder to the Province, including GST/PST. Where a Party is required by Applicable Law to collect from the other Party any value added, consumption, commodity or similar taxes for which the other Party is responsible for hereunder, the collecting Party may add such value added, consumption, commodity or similar taxes to any invoice it renders to the other Party pursuant to this Agreement, and the recipient shall pay such value added, consumption, commodity or similar taxes to the collecting Party pursuant thereto.

13.3 Process for Payments

Except as provided in Section 2.7, whenever a Party is required to pay an amount to the other Party hereunder, the paying Party shall pay such amount by cheque or electronic money transfer, at the election of the paying Party, within 30 days of receipt by the paying Party of an invoice for such amount from the receiving Party. Interest on unpaid amounts shall begin to accrue 61 days after the date the amount is payable. Interest shall accrue at provincial government rates as set out under the *Financial Administration Act*.

13.4 Amendment

An amendment or variation to this Agreement is not effective unless it is in writing and signed by each Party.

13.5 Waiver

The Parties agree that: (a) a waiver is not effective unless it is in writing; (b) a Party's failure or delay to exercise a power or right does not operate as a waiver of that power or right; (c) the exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right; and (d) a waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

13.6 Time of the Essence

Time is of the essence in this Agreement.

13.7 Entire Agreement

This Agreement is the entire agreement and understanding between the Parties on everything connected with the subject matter of this Agreement and supersedes any prior agreement or understanding, whether written or oral, on anything connected with that subject matter. The Parties agree that the Term Sheet, if any, is terminated as of the Effective Date.

13.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia, without reference to its conflict of law principles, and the laws of Canada applicable therein, and, subject to Article 9, the Parties submit and attorn to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to any appeal by a Party of any decision of an arbitrator made pursuant to Section 9.3.

13.9 Change of Laws

Except as otherwise provided in this section, if any Applicable Law is enacted, amended, granted, revoked, issued or designated (each a "**Change of Law Event**") such that the Project Offset Units to be delivered by Vendor hereunder are or become ineligible for use in causing the Province or any other Public Sector Organization (as such term is used in GGRTA) to be Carbon Neutral (as such term is used in GGRTA), the Parties agree to negotiate in good faith to amend this Agreement in order to maintain the original intent of the Parties and to avoid materially and adversely affecting the benefit that each Party would receive under this Agreement but for the Change of Law Event. If the Parties are unable to agree upon such amendments within thirty (30) days of initiating good faith negotiations, the Province may terminate this Agreement on written notice to Vendor. If there is a change in the Global Warming Potentials ("**GWPs**") used to calculate the "carbon dioxide equivalent" of one or more GHGs under GGIRCA, the Vendor shall, and shall cause its Verification Provider to, in calculating Project Reductions, use the GWP in effect at the time that the applicable Project Report is submitted to the Director pursuant to section 23 of the GGECR.

13.10 Further Assurances

The Parties agree to use commercially reasonable efforts 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.

13.11 Independence

Nothing in this Agreement or its performance creates a partnership, joint venture or agency relationship between the Parties.

13.12 Assignment

Vendor may not assign this Agreement to any person without the prior written consent of the Province, which consent shall not to be unreasonably withheld provided that Vendor may assign this Agreement without the consent of the Province as collateral security to any lender who has advanced monies for the Project, provided the Province and the lender first enter into a consent and non-disturbance agreement in a form reasonably acceptable to the Province addressing the Province's and the lender's rights and obligations in the event Vendor defaults under this Agreement or in its obligations to the lender. The Province may assign this Agreement to any person without the prior written consent of Vendor.

13.13 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors, and permitted assigns.

13.14 No Construction Against Drafter

No provision of this Agreement is to be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of this Agreement or the inclusion of such provision in this Agreement.

13.15 Set-off

If Vendor and the Province each owe the other an amount under this Agreement as of any date on which a payment is to be made or an amount is made payable, then such amounts owed with respect to each Party shall be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed as of such date. Except as otherwise expressly provided in this Agreement, each Party reserves all rights, counterclaims and other remedies and defences which such Party has or may be entitled to arising from or related to this Agreement.

13.16 Appropriation

The Province's obligation to pay money to Vendor is subject to the *Financial Administration Act*, which makes that obligation subject to an appropriation being available in the fiscal year of the Province during which payment becomes due.

13.17 Agreement Not Permit or Fetter

This Agreement does not operate as a permit, licence, approval or other statutory authority which Vendor may be required to obtain from the Province or any of its agencies in order to implement the Project or generate or obtain Project Offset Units or Alternative Units. Nothing in this Agreement is to be construed as interfering with, or fettering in any manner, the exercise by the Province or its agencies of any statutory, prerogative, executive or legislative power or duty.

13.18 Counterparts

This Agreement may be executed in any number of counterparts. Each counterpart is an original, but the counterparts together are one and the same instrument. This Agreement is binding on the Parties on the exchange of the counterparts. A copy of a counterpart sent by facsimile or email is as effective as an original counterpart and is sufficient evidence of the execution of the original.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

**HER MAJESTY THE QUEEN IN
RIGHT OF BRITISH COLUMBIA, as
represented by the Minister of
Environment**

[VENDOR]

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

SCHEDULE 1 DEFINITIONS

“**Accepted ROFR Volume**” has the meaning ascribed to it in Section 2.3(a);

“**Affiliate**” means, in respect of any person (A), a person (B) to whom A is related in one or more of the following ways:

- (a) A and B are the same person;
- (b) A directly or indirectly Controls B, or vice versa;
- (c) a third person directly or indirectly Controls A and B;

and, for greater certainty, if A and B are each Affiliates of the same person at the same time, then A and B are Affiliates of one another;

“**Alternative Units**” has the meaning ascribed to it in section 3.1;

“**Applicable Law**” means the common law and the law of equity and all federal, provincial, regional and municipal laws, including all statutes, regulations and bylaws, and all publicly available rules, policies, guidelines, designations, directives, orders or other similar items having the force of law;

“**Available ROFR Volume**” means, <*>

For Option A if a Maximum ROFR Volume applies: for each Delivery Date, the total number of Project Offset Units issued for the Project Report Period that ends prior and nearest to such Delivery Date less the Minimum Volume, up to but not exceeding the Maximum ROFR Volume, provided however, that where the result is negative, the Available ROFR Volume shall be equal to zero;

For Option A if a Maximum ROFR Volume does not apply: for each Delivery Date, the total number of Project Offset Units issued for the Project Report Period that ends prior and nearest to such Delivery Date less the Minimum Volume, provided however, that where the result is negative, the Available ROFR Volume shall be equal to zero;

For Option B if a Maximum ROFR Volume applies: for each Delivery Date, total number of Project Offset Units issued for the Project Report Period that ends prior and nearest to such Delivery Date less the Maximum Volume up to but not exceeding the Maximum ROFR Volume, provided however, that where the result is negative, the Available ROFR Volume shall be equal to zero;

For Option B if a Maximum ROFR Volume does not apply: for each Delivery Date, total number of Project Offset Units issued for the Project Report Period that ends prior and nearest to such Delivery Date less the Maximum Volume, provided however, that where the result is negative, the Available ROFR Volume shall be equal to zero;

“**Business Day**” means any day except Saturdays, Sundays or statutory holidays in British Columbia;

“**Change of Law Event**” has the meaning ascribed to it in Section 13.9;

“**Confidential Information**” means, with respect to a Party:

- (a) all oral and written information furnished by the other Party to such Party with respect to the subject matter of this Agreement; and
- (b) the existence and the terms and conditions of this Agreement, and, if applicable, the Term Sheet,

other than: (i) information that is or becomes generally available to the public other than as a result of disclosure by a Party in violation of this Agreement; (ii) information that was already known by a Party on a non-confidential basis prior to entering into this Agreement; (iii) information that becomes available to a Party on a non-confidential basis from a source other than a Party if such source was not subject to any prohibition against disclosing the information to such Party; (iv) information independently developed by the receiving Party without access to, or use of, disclosing Party’s information; (v) information required to be disclosed for the validation of the Project or the verification of Project Reductions or the issuance of Project Offset Units in connection therewith; and (vi) information that is required or authorized to be disclosed under GGIRCA or GGRTA;

“**Control**” in respect of a person, means:

- (a) with respect to a person that is a corporation or has voting shares or the equivalent, the ownership or power to vote, directly or indirectly, shares, or the equivalent, representing 50% or more of the power to vote on the election of directors, managers or persons performing similar functions;
- (b) ownership of 50% or more of the equity or beneficial interest in that person; or
- (c) the ability to direct the business and affairs of that person by acting as a general partner, manager or otherwise;

“**Delivered Volume**” means:

For Option A: the amount of Project Offset Units that Vendor Delivered to the Province in respect of a Delivery Date, provided however, the Delivered Volume shall be deemed to be comprised of the Minimum Volume first, and the Accepted ROFR Volume second to the extent the Delivered Volume exceeds the Minimum Volume; and

For Option B: the amount of Project Offset Units that Vendor Delivered to the Province in respect of a Delivery Date, provided however, the Delivered Volume shall be deemed to be comprised of the Maximum Volume first, and the Accepted ROFR Volume second to the extent the Delivered Volume exceeds the Maximum Volume;

“**Deliver**” or “**Delivery**” means completion of the procedure set out in Section 2.3;

“**Delivery Date**” means each date specified in Column <*> of Table 1 of Section 2.1 [or if the Parties have agreed to a revised Delivery Date in accordance with Section 2.4, such revised Delivery Date] Only include bracketed text if Section 2.4 [Revised Delivery Date] is included in the Agreement;

Delivery Shortfall” in respect of a Delivery Date, means:

- (a) the Minimum Volume; minus
- (b) the number of Project Offset Units that Vendor is capable of completing the Delivery of on the applicable Delivery Date,

provided that if the result is negative the Delivery Shortfall shall be zero;

“**Director**” has the meaning ascribed to it in the GGIRCA;

“**Discounted ROFR Price**” means, in respect of any Delivery Date, eighty-five percent (85%) of the ROFR Price for that Delivery Date;

“**Discounted Unit Price**” means, in respect of any Delivery Date, eighty-five percent (85%) of the Unit Price for that Delivery Date;

“**Dispute**” has the meaning ascribed to it in Section 9.1;

“**Dispute Notice**” has the meaning ascribed to it in Section 9.1;

“**Effective Date**” has the meaning ascribed to it in the first paragraph of this Agreement;

“**Encumbrance**” means any mortgage, charge, pledge, lien, encumbrance, assignment, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person by way of security for the payment of a debt or any other monetary obligation;

“**Event of Default**” means any one of the events described in Section 7.1;

“**Force Majeure**” means an event or circumstance which renders a Party unable to perform its obligations under this Agreement, which event or circumstance is not within the reasonable control of, nor the result of the negligence of, the Party invoking Force Majeure and, to the extent the Party invoking Force Majeure is unable to overcome or avoid or cause to be avoided on a commercially reasonable basis or by the exercise of reasonable care, includes:

- (a) acts of God, including wind, ice and other storms, lightning, floods, earthquakes, volcanic eruptions and landslides;
- (b) strikes, lockouts and other industrial disturbances, it being acknowledged that the settlement of strikes, lockouts and other labour disturbances depends upon the agreement

of employees and other third persons and therefore is not wholly within the discretion of the Party involved;

- (c) epidemics, war (whether or not declared), blockades, acts of public enemies, acts of sabotage, acts of terrorism, civil insurrection, riots and civil disobedience; and
- (d) explosions and fires;

but does not include:

- (e) acts or omissions of any Governmental Authority, including delays in regulatory processes and orders of a regulatory authority or court of competent jurisdiction;
- (f) economic hardships including loss or reduced access to money, credit or markets;
- (g) an event or circumstance caused by a breach of, or default under, this Agreement or Applicable Law;
- (h) the result of ambient weather-related conditions; and
- (i) any acts or omissions of any Third Party, including any Affiliate of Vendor, any Project Participant, or any vendor, supplier, contractor or customer of a Party, but excluding Governmental Authorities, unless such acts or omissions are themselves excused by reason of Force Majeure as defined in this Agreement;

“**GGECR**” means the *Greenhouse Gas Emission Control Regulation* under the GGIRCA;

“**GGIRCA**” means the *Greenhouse Gas Industrial Reporting and Control Act*, and all regulations made pursuant thereto, including the GGECR;

“**GGRTA**” means the *Greenhouse Gas Reduction Targets Act*, and all regulations made pursuant thereto;

“**Governmental Authority**” means any federal, provincial, municipal, regional or local governmental, administrative, judicial or regulatory entity operating under any Applicable Law and includes any department, commission, bureau, board, administrative agency, regulatory body or agent of the Crown (other than the Province);

“**Greenhouse Gas**” has the meaning ascribed to it in the GGRTA and “**GHG**” has the same meaning;

“**Liquidated Damages Rate**” means, in relation to failure to Deliver Project Offset Units within 60 days of a Delivery Date, the lower of:

- (a) \$15.00; or
- (b) the higher of \$25.00 or the PSO Acquisition Price in effect at that Delivery Date, minus the Discounted Unit Price;

“**Maximum ROFR Volume**” means, for each Delivery Date, the Maximum ROFR Volume specified in Column <*> of Table 1 of Section 2.1; **Include this definition if a Maximum ROFR Volume applies, otherwise delete.**

“**Maximum Payment**” is, in respect of a Delivery Date, the total of

(a) the product of:

(i) <*>

For Option A:

the Minimum Volume; multiplied by

For Option B:

the Maximum Volume; multiplied by

(ii) the Unit Price; plus

(b) the product of:

(i) in relation to a Delivery Date for which the procedures set out in Section 2.3 have been completed, the Accepted ROFR Volume;

(ii) in relation to a Delivery Date for which (A) a Maximum ROFR Volume is set in Table 1 of Section 2.1, and (B) the procedures set out in Section 2.3 have not been completed, the Maximum ROFR Volume; or

(iii) in relation to all other Delivery Dates, the estimated Project Reduction for the Project Report Period that ended or will end prior and nearest to such Delivery Date,

multiplied by

(iv) the ROFR Price;

“**Maximum Volume**” means, for each Delivery Date, the volume specified in Column <*> of Table 1 of Section 2.1; **Include this definition if Option B is used, otherwise delete.**

“**Minimum Volume**” means, for each Delivery Date, the volume specified in Column <*> of Table 1 of Section 2.1;

“**Offset Unit**” has the meaning ascribed to in in the GGRTA;

“**Party**” means Vendor or the Province;

“**Progress Report**” means a progress report in respect of the Project in the form attached hereto as Exhibit B;

“Project” means

(a) a project as defined in the GGECR that is:

- (i) described in a single Project Plan included in Exhibit A; or
- (ii) described in a Project Information Document included in Exhibit A, if it is contemplated that the Project will be subject to a single Project Plan; or

(b) if there are multiple projects as defined in paragraph (a), the Subprojects described in Exhibit A;

“Project Offset Units” means Offset Units representing Verified Project Reductions;

“Project Plan”, in reference to the Project, has the meaning ascribed to it under the GGECR;

“Project Participant” means those parties listed in Schedule 2;

“Project Reduction”, in reference to the Project, has the meaning ascribed to it under the GGECR;

“Project Report” means, in respect of Project Offset Units, the project report submitted to the Director pursuant to section 23 of the GGECR for the issuance of the Offset Units that represent such Project Offset Units;

“Project Report Period” <*>

if are no Sub-table 1s in Section 2.1

has the meaning ascribed to it under the GGECR in respect of the Project;;

if there are multiple Sub-table 1s in Section 2.1

has the meaning ascribed to it under the GGECR in respect of a given Subproject;;

“Province’s Conditions” has the meaning ascribed to it in Section 4.1;

“Province Indemnities” has the meaning ascribed to it in Section 8.1;

“PSO Acquisition Price” means the unit price payable by a public sector organization to the Province in consideration of the Province applying an Offset Unit on behalf of a public sector organization;

“Purchase Price” means, in respect of a Delivery Date:

For Option A:

- (a) an amount of the Delivered Volume up to the Minimum Volume, such amount multiplied by the Unit Price (or, if applicable in accordance with Section 7.3, the Discounted Unit Price); plus
- (b) if the Delivered Volume exceeds the Minimum Volume, the lesser of:
 - (i) the Delivered Volume less the Minimum Volume; and
 - (ii) the Accepted ROFR Volume,multiplied by the ROFR Price (or, if applicable in accordance with Section 7.3, the Discounted ROFR Price);

For Option B:

- (a) an amount of the Delivered Volume up to the Maximum Volume, such amount multiplied by the Unit Price (or, if applicable in accordance with Section 7.3, the Discounted Unit Price); plus
- (b) if the Delivered Volume exceeds the Maximum Volume, the lesser of:
 - (i) the Delivered Volume less the Maximum Volume; and
 - (ii) the Accepted ROFR Volume,multiplied by the ROFR Price (or, if applicable in accordance with Section 7.3, the Discounted ROFR Price);

“Reduction Rights” means all rights, benefits, title and interest in and to, arising out of or in connection with, or resulting from Project Reductions, whether such right, benefit, title or interest is in existence as of the Effective Date or arises thereafter, including:

- (a) the right to claim title to, interest in, the benefit of and responsibility for such Project Reductions;
- (b) the right to register, certify or otherwise include such Project Reductions in any Registry;
- (c) the right to convert those Project Reductions into an Offset Unit or any other credit, allowance or right to discharge Greenhouse Gases, and the sole right to apply for or seek the issuance of such credits, allowances or other rights to discharge Greenhouse Gases in connection with such Project Reductions;
- (d) the right to hold and to transfer or assign to any person or entity title to, the benefit of or responsibility for those Project Reductions or any Offset Units or other credits or allowances into which such Project Reductions are or could be converted; and
- (e) the right to use such Project Reductions, or any Offset Units or other credits or allowances into which those Project Reductions are or could be converted, to offset or apply against its own or a Third Party’s Greenhouse Gas emissions or to net those

emissions to zero whether or not as part of any legal obligation to reduce Greenhouse Gas emissions;

“**Registry**” has the meaning ascribed to it under GGIRCA;

“**ROFR Price**” means, in respect of any Delivery Date, the amount specified in Column **<*>** of Table 1 of Section 2.1 for that Delivery Date;

“**Sub-table**” means a table in Section 2.1 which is identified in the heading as applying to one or more, but not all, Subprojects;

“**Subproject**” a single project as defined in paragraph (a) of the definition of “Project”;

“**tCO₂e**” means metric tonnes in carbon dioxide equivalent, which for a given mass of any Greenhouse Gas means the mass of carbon dioxide gas that would have the equivalent global warming impact as that greenhouse gas over a specified time period based on global warming potentials prescribed under GGRTA from time to time;

“**Term**” has the meaning ascribed to it in Section 11.1;

“**Term Sheet**”, if applicable, has the meaning ascribed to it in the Recitals;

“**Third Party**” means any person other than the Province or Vendor;

“**Transfer Form**” means a legal instrument of transfer in substantially the same form as Exhibit C;

“**Transfer Volume**” has the meaning ascribed to it in Section 2.3(b)(i)(A);

“**Unit Price**” means, in respect of any Delivery Date, the amount specified in Column **<*>** of Table 1 of Section 2.1 for that Delivery Date;

“**Validation Body**” has the meaning ascribed to it under GGIRCA;

“**Validation Provider**” means the Validation Body engaged by Vendor to validate the Project Plan in respect of the Project;

“**Vendor Indemnitees**” has the meaning ascribed to it in Section 8.2;

“**Verification Body**” has the meaning ascribed to it under GGIRCA;

“**Verification Provider**” means a Verification Body engaged by Vendor to verify one or more project reports, and provide one or more verification statements, in respect of the Project pursuant to section 21 of the GGEGR; and

“**Verified Project Reductions**” means Project Reductions generated by the Project which are the subject of assertions in a Project Report, which Project Report has been verified in accordance with, and the subject of a verification statement issued under, section 21 of the GGEGR.

SCHEDULE 2
PROJECT PARTICIPANTS

EXHIBIT "A"
PROJECT PLAN OR PROJECT INFORMATION DOCUMENT

See attached.

EXHIBIT “B” PROGRESS REPORT

Climate Investment Branch
2015-07-14

PROGRESS REPORT

1 of 1

Instructions: Please submit this completed progress report for project(s) from your Offset Purchase Agreement (OPA), to the Climate Investment Branch no later than 15 days after the end of each Reporting Quarter, as defined in the OPA. Support documentation is optional.

Date Submitted			
Project Name			
OPA Contract #			
Effective Date			
Last Delivery Date			
Min tCO2e		% of Min Reported	
Max tCO2e		% of Max Reported	
VOLUME OF CO2e			
		tCO2e	Forecast or Actual
Quarter 1: Timeframe			
	Subproject 1		
	Subproject 2		
Quarter 2: Timeframe			
	Subproject 1		
	Subproject 2		
Quarter 3: Timeframe			
	Subproject 1		
	Subproject 2		
Quarter 4: Timeframe			
	Subproject 1		Forecast
	Subproject 2		Forecast
Forecast Total tCO2e		0	
Forecasted ROFR		0	
MATERIAL IMPACTS			
<p><i>Summarize any circumstances that have impacted or may impact this project or the GHG reductions generated by the project. Please include information regarding:</i></p> <ul style="list-style-type: none"> • Timing and duration of future planned or past unexpected shutdown or maintenance that impacts production • Local issues (e.g. environmental, regulatory) that could affect future operations • Industry issues (e.g. supply chain, demand, regulatory) that could impact production • Project specific 			

CIB_Progress Report_FINAL

**EXHIBIT “C”
TRANSFER FORM**

This Assignment and Transfer Agreement (this “**Transfer**”) is dated [insert date], and is between **Her Majesty the Queen in Right of British Columbia**, as represented by the Minister of Environment (the “**Province**”) and [insert name and jurisdiction of Vendor] (“**Vendor**”).

WHEREAS pursuant to an Offset Purchase Agreement between the Province and Vendor made as of [insert date] (the “**Offset Agreement**”), Vendor agreed to sell, convey, assign, transfer and set over to the Province certain Project Offset Units (as that term is defined in the Offset Agreement).

NOW, THEREFORE, IN CONSIDERATION of the mutual promises contained in the Offset Agreement and this Transfer, the Province and Vendor agree as follows:

1. TRANSFER AND ASSIGNMENT.

Vendor hereby absolutely and irrevocably grants, sells, conveys, assigns, transfers and sets over all of Vendor’s right, title, interest, property, claim and demand in and to the following Project Offset Units to the Province:

Project Report Period	Project and Address	Quantity (tCO₂e)	Serial Number (if available)
<*>	<*>	<*>	<*>

2. NO INTERFERENCE.

Vendor shall not, nor shall it cause or attempt to cause or assist any corporation, partnership, entity or person to, commence any action, claim or demand of any nature or kind, in law or in equity, or take any action, which could in any way prejudice, hinder, impair or prevent the Province’s ability to use, grant, sell, convey, assign, transfer or set over or reduce or limit the value or usefulness of, the Project Offset Units granted, sold, conveyed, assigned, transferred and set over to the Province hereunder. Vendor hereby covenants and agrees with the Province that Vendor will, from time to time and at all times hereafter, upon the reasonable request of the Province and at the Province’s cost, make, do, execute or cause and procure to be made, done and executed all such further acts, deeds or assurances as may be reasonably required for effectively and completely vesting in the Province the Project Offset Units hereby granted, sold, conveyed, assigned, transferred and set over.

3. INTERPRETATION.

For the purposes of this Transfer, unless there is something in the subject matter or context inconsistent therewith or unless otherwise specifically provided: (a) all capitalized words used but not defined herein shall have the meanings ascribed to those terms in the Offset Agreement; and (b) the headings in this Transfer are inserted for convenience of reference only.

4. COUNTERPARTS.

This Transfer may be executed in any number of counterparts. Each counterpart is an original, but the counterparts together are one and the same instrument. This Transfer is binding on the Parties on the exchange of the counterparts. A copy of a counterpart sent by facsimile or email is as effective as an original counterpart and is sufficient evidence of the execution of the original.

IN WITNESS WHEREOF the Province and Vendor have executed this agreement on the date first above written.

**HER MAJESTY THE QUEEN IN
RIGHT OF BRITISH COLUMBIA, as
represented by the Minister of
Environment**

[VENDOR]

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory